The MAGAZINE of WALL STREET

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THE OUTLOOK

The Effect of the Market on Business—Secretary Mellon's Tax Proposal—Capital from Abroad—Will the Franc Duplicate the History of the Mark?—The Market Prospect

THE advances, unexpected as they were by many, which have taken place in the stock market during the past few weeks naturally raise in many minds the question whether there was some one event or influence which served to "set the example of prosperity." Many are in the habit of giving hearty thanks to the United States Steel Corporation for its extra dividend which they regard as having turned the tide of depression by making prosperity popular. According to not a few, it was the example of the Steel Corporation which encouraged others to proceed with the payment of extra dividends, and were the inauguration of financial policies which they would otherwise not have thought of had it not been for the example referred to.

There is undoubtedly a basis of truth in this view of the case, as there is in most popular impressions. Prosperity, after all, is in part a matter of psychology. When confidence is active and manifests itself by practical methods, prosperity may not be far away; when confidence is absent there may be real prosperity, but it may be unappreciated. Needless to say, the dividend policies of a corporation, however large or strong, cannot change underlying conditions. The disbursements in this case, although great in the aggregate, are only a drop in the bucket, taking the market as a whole, while the actual business of the concern has not been appreciably altered since the announcement, so that it could hardly be credited with having possessed marvelous foresight, so far as the immediate future was concerned.

Business-cycle theorists may find in the events of the past few weeks some evidence in support of their ideas. They have always contended that a wise policy for large business establishments would be that of declaring dividends more freely and resorting to more generous disbursements at times when depression was imminent, withholding their strength in times of prosperity for that very purpose. Thus they would bring about an equalization or "evening up" which would serve to smooth out the "peaks" of the business cycle, and so to render business more stable or regular. This they have often advocated as regards interest and discount rates and the extension of bank credits. The latter, they have argued, should generally be comparatively firm or "tight" at the top of the business prosperity cycle, and they have urged that there should be a corresponding relaxation at the opposite pole. They have never shown so much interest in the dividend side of the corporation's financial policy, but it may well be questioned whether they should not do so.

The general public more or less consciously associates dividends, and especially extra dividends, with prosperity. It is unable to visualize the conditions under which a corporation would actually let go of funds, if wisely and honestly conducted, at a time when it was not earning them, even though it might have held them back for this very purpose. So, an increase of dividends at a moment of hesitation undoubtedly has a strong reaction upon all those elements of the population who are in any way uncertain or doubtful regarding their policy of investment or business activity. In the present case the characteristic of the situation is found on its psychological side. Everyone knows that, measured in comparison with former years, business during the past few months has been decidedly good.

There has been little unemployment, and every reason to feel satisfied with the general posture of affairs. Yet there has been doubt and hesitation, due to the questions that have been raised as regards the future of Federal policy and the outlook in foreign relations.

Courage is always contagious and it is as truly so in business as in warfare. It must, however, have a sound basis upon which to work. The mere declaration of dividends without a fund from which to pay them would not carry far. Courage is, in fact, a quality which requires a good deal of preparation, and the presence of a substantial balance in bank—whether of strength or money—in order to be effective. When it is thus supported it is an invaluable quality and may have a far more than passing influence in promoting sound and active business conditions. When it is without the due backing which it must have in order to be thus effective, its influence is not likely to be very permanent.

It is to be hoped that, in the present instance, the favorable forecasts of the future which have been made by individuals of light and leading in the financial world, and which have been backed up by actual evidence in dividend policies, will turn out to be well founded. At present the facts seem to indicate that they have a substantial expectation of proving so.

CAPITAL FROM ABROAD

ONE of the striking phases of current finance is the evident inflow of capital from abroad which has been going on during the past few weeks. We have seen a somewhat similar situation in times past, when, as a result of the war, uncertainty concerning the safety of property or securities developed abroad and when such issues were, therefore, shifted to this market for protection. The close of the war led to a corresponding outflow; and while, from time to time, there have been backward movements since that date, they have not been very extensive.

How far the present movement will go depends much upon circumstances, but it is conceivable that, should the European chaos become worse, there might be a very decisive movement into the United States which conceivably would assume large proportions and result in corresponding demand for our securities on this side of the water.

There is no reason to doubt that such a movement, if it should attain a great scope, would, as on former occasions, result in a "mark-up" of security values, with the result that such values would be the combined product of domestic and artificial foreign demand. Transfer of wealth out of European stocks and European banks would unfavorably affect those securities and institutions, and the net result would be an exaggeration of quotations on this side of the water. This is not a good thing for American securities or American business, largely because it does not represent a normal or constant movement, but rather one which will react at any time when foreign conditions once more change in such a way as to encourage confidence. Meantime it is likely to afford a distinct source of profit to the speculator or casual investor.

A COURAGEOUS PROPOSAL

THE utmost credit ought to be awarded to Secretary of the Treasury Mellon for the genuine courage and foresight he has shown in putting clearly before Congress a plan for the reform of taxation. Particular recognition should be his, because of the high grade of strategy and understanding of popular psychology evidenced by his proposal to couple the bonus question with the tax-reform program. By so doing he furnishes that concrete and practical recognition of a situation which is essential to the definite analysis of it by the public. He makes the question no longer an abstract issue, to be discussed at some time in the future, but instead of that an immediate and important phase of the actual man's daily life.

Response to Mr. Mellon's suggestion, backed up or accepted as it has been by President Coolidge, illustrates the basis for these ideas of the situation. Although there was an almost universal attitude of discouragement prior to the announcement of the Treasury's recent views, that attitude has disappeared and is replaced today by a fighting spirit among those who have so long suffered from the unfortunate effects of indifference to their needs and wishes, and who therefore are not easily disposed to believe that there is an early relief in sight for them. They have taken courage, and the business community especially has made its ideas known in unquestionable language which cannot be ignored by the politicians.

Perhaps there are many of the latter type of public men who have really believed that there was no genuine growth of opinion among individuals or corporations, now over heavily taxed, that could be relied upon to sustain a reform effort. With their keen sense as to the side on which their daily bread is buttered, they have, therefore,

turned to the element in the community which has been noisy and vociferous, and have been inclined to espouse the cause of the so-called "service men" or "veterans," in their campaign to throw open the doors of the Treasury. Knowing that there is much to lose by further support of this movement, it may easily be that spineless politicians and legislators will reverse themselves and will be disposed to take another thought before directly recording an opinion against the lightening of the popular burden at the present time.

A BETTER TRADE OUTLOOK

NOTWITHSTANDING the continued existence of some elements of doubt in the business situation, it is nevertheless true that trade conditions have been decidedly bettered within the past month. Even in steel, which had run down to a basis of new orders representing hardly more than 50 per cent of capacity, there has been a distinct revival of demand, with buying manifestly on the increase and another upward movement in general building operations. Autumn trade has been decidedly good in many centers and throughout the agricultural districts as well.

The principal elements of trouble are seen in connection with the high price of materials, which has already tended to close some cotton factories, and in the overproduction of a few commodities, of which oil is the chief, where output has failed to respond to decline in demand, either owing to natural conditions of production or for other reasons, It was unavoidable, of course, that the terrible conditions in foreign countries should have their reflex effect upon the situation in the United States; and yet the actual results of recent news have not been as disastrous as might have been expected. Many local business men had prepared themselves for an outbreak of disaster of this kind and were already fortified against it. Still others were without any definite knowledge of European affairs, prejudiced against foreign commitments in general, and hence in position to disregard in some measure the effect of current announcements.

Nevertheless, the advent of a threatened "break" between the great powers could not help being a powerful factor in any situation. The United States can never separate itself wholly from the trend of things in foreign countries or live wholly to itself. The fact that it has been able to sustain itself as well as it has is a noteworthy fact which emphasizes our own great internal strength.

PLANNING TO MAKE TROUBLE

EVERY indication is now afforded that the so-called "radicals" in Washington are planning to make as much trouble as they can through the drafting and adoption of doubtful and dangerous legislation. Among other items on the schedule is that familiar old plan to "regulate the stock exchanges," with a view to embarrassing the speculative and investment community, whether legitimate or illegitimate, as far as is humanly possible.

The New York attorney who has had most to say on this subject is said to be at work on behalf of a so-called people's bureau, with the idea of furnishing that organization with a bill which it can press upon the attention of the legislative body. How far such effort will be successful remains to be seen. The important phase of the situation is not found in its temporary political aspect, but rather in the fact that this kind of local legislative control is being dragged into a national struggle.

The politicians want to make votes for the coming year and they do not care much by what means they accomplish their object. Altogether, the outlook is not very favorable in national politics, particularly in view of the fact that the prospective candidates for the Presidency who have of late come into sight are anything but responsible from the economic standpoint. They may unquestionably be expected to cause as much suffering to legitimate economic and financial activities as they are capable of inflicting.

THE MARKET PROSPECT

WE are approaching the critical weeks in Congress, and as so much depends upon whether the country will be favored with a reduction in taxes according to Secretary Mellon's plan, or an increase in taxes in case of Soldiers' Bonus legislation, the immediate future is likely to lead to a degree of uncertainty in the minds of business men and investors.

In this circumstance, it is reasonable to anticipate a somewhat reactionary and hesitant market until large interests can estimate the power of the radical group which will play such a large part in the proceedings. The course of the market in the immediate future is more likely to be governed by the probable outcome of the next ninety days' legislation than any other factor at home or abroad.

Monday, December 3, 1923.

By Appropriations Committee Chairman Hon. Martin B. Madden, of the House—

Why I Believe Taxes Can Be Reduced and a Soldiers' Bonus Paid at One and the Same Time!

And Why I Think Both Will Be Done by the Present Congress

THIS Congress, I believe, will reduce Federal taxes—that is, it will reduce certain of the prevailing taxes.

This Congress very probably, also, will provide for paying a bonus or adjusted compensation to the veterans of the World War.

Without expressing myself as to the merit in the demand for a soldiers' bonus, I think it is possible for one to be granted and a reduction in taxation brought about at the same time.

For both of these seemingly and in fact largely contradictory achievements there is undoubtedly strong public demand. Many of us differ as to whether a bonus should be given the veterans, and also as to the form it should take if granted. I do not believe, however, that anybody will dispute the fact that a majority of the people of this country favor the granting of one. This has been shown by every popular vote taken on the subject.

After all, Congress is but an agency through which the people perform their will as to national legislative matters. It is needless to quarrel with Congress for granting a bonus if it is clear, which seems to be the case, that the people are determined that such action be taken. If this Congress doesn't do it, we have no guarantee that some future Congress won't. So this Congress very likely will go ahead and dispose of the subject, though there may be enough opposition to keep it from being disposed of in case of a Presidential veto. Of such an eventuality, no one can predict. It should be remembered, however, that the grounds on which President Harding vetoed the bonus bill—that is, that the needed money was not available—are no longer tenable.

Last Year's Revenue Sufficient for Bonus

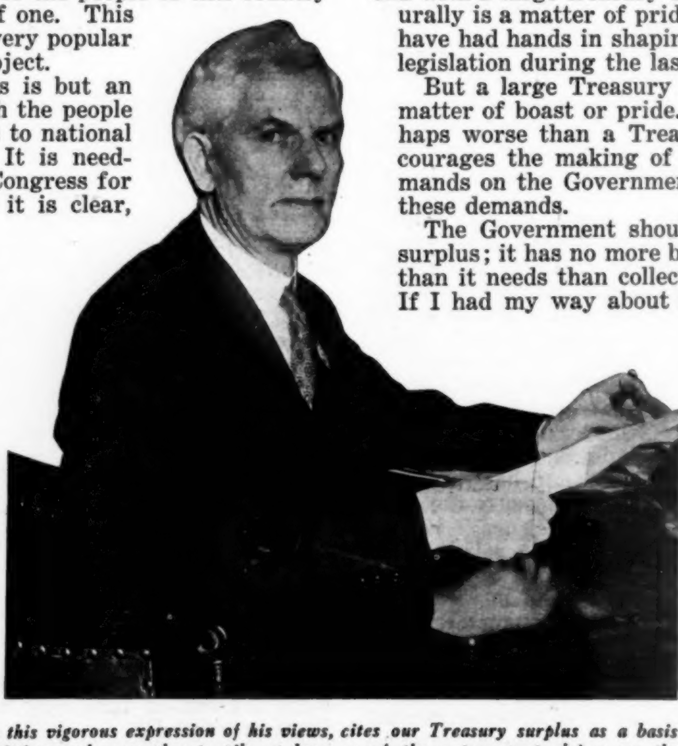
Quite to the surprise of most prophets, the Government's revenues for the last fiscal year proved to have been sufficient to have sustained expenditures that would have been made necessary by the bonus bill which failed by reason of the Presidential veto.

The surplus of revenue for last year amounted to $310,000,000. Inasmuch as for quite a period, most predictions were that the fiscal year would end with a large treasury deficit, this surplus naturally is a matter of pride with many of us who have had hands in shaping the Federal financial legislation during the last several years.

But a large Treasury surplus shouldn't be a matter of boast or pride. It is as bad and perhaps worse than a Treasury deficit, for it encourages the making of many extravagant demands on the Government and the granting of these demands.

The Government should never accumulate a surplus; it has no more business collecting more than it needs than collecting less than it needs. If I had my way about it, the tax laws would be so framed that the accumulation of large Treasury surpluses would be made impossible. There would be written into the tax laws such flexibility that whenever an excess of revenues began to flow into the public till taxes automatically would be reduced.

All savings in governmental ex-



Representative Madden, in this vigorous expression of his views, cites our Treasury surplus as a basis for reducing taxes, protests against any policy of permitting such a surplus to pile up because of the extravagant claims on the Government it encourages, declares that the will of "a majority of the people" should and will be respected in the enactment of a Bonus Bill and advises that any additional funds necessary to the payment of such a bonus should be raised through the medium of a sales tax, preferably on high-priced theatre admissions.

Madden would not tax "small, neighborhood movies attended by children and the very poor."

penditures should be reflected in tax reductions. The Government, in its financial operations, should always keep close to the wind. Between income and outgo it should preserve such a balance that every new demand for appropriations would be accompanied by a question of taxes.

This rule should hold at the present time, whether or not a bonus is granted. Present taxes should be cut fully to the extent that excess revenues seem to warrant; then if increase in expenditures proves to be necessary, find some new way for taking care of them. This may sound like advice to cut taxes with one hand and raise them with another. In a way, this observation might have warrant.

IN A NUTSHELL:

The Chairman of the Appropriations Committee believes that a majority wants a Bonus Bill enacted and he would make our high-priced theatre goers pay any additional funds needed.

How Additional Funds Could Be Raised

But I do not believe that it follows necessarily in the situation we now probably face—that is, one whereby the condition of the Treasury warrants reduction in taxes with a demand, likely to be granted, for a measure which will entail large additional expenditures.

These additional expenditures can be taken care of by revenues which may be levied without burdening the general public.

In my opinion, sufficient funds for taking care of the bonus can be raised by means of a sales tax on luxuries. Just what should be designated as luxuries and thus heavily taxed calls for inquiry. Off hand, I don't know what variety of things I would so classify. But anyone can see how a sales tax on high-priced luxuries could be made to yield a vast sum of money to the Government. And it would be a just tax. It would fall upon those who are both most able to pay and who benefit most from government. No one would be compelled to pay these taxes; hence, they could not be burdensome. They would not affect general business, for they would apply to goods that do not enter greatly into general business, and they would come from funds which, being set aside for luxuries, would not be invested in general business. These taxes could not, as with most other kinds, be passed on to others. They would be paid by the actual consumers, volunteer consumers, for they would be purchases of luxuries made solely for consumption.

I would class as luxury taxes those now levied on admissions to theatres. It should be remembered that there is no tax now on small neighborhood movies, attended by children and by the very poor, where the admission charge is not above 10 cents. This means that untaxed theatrical amusement still can be provided for those who may need it; those who want something better should be willing to pay taxes for the privilege of enjoying this form of amusement.

I am no enemy of theatres, of the movie or any other kind. Whatever may be said for them as places of amusement and for their esthetic worth, they are not necessaries of life. What we should do is to lower, so far as possible, the taxes imposed on persons who cannot afford to go to the theatre; and we can do this in some measure by requiring those who do go to pay specific taxes for the privilege.

Why I Would Reduce Income Taxes

On the income tax, I disagree with Secretary Mellon's program of tax reduction. On his plan in general I do agree. The income taxes should be reduced and whatever reductions are made in them will be of benefit to the people and helpful to business. After reductions are made and it is found that more funds are needed, as will be true in case the bonus is granted to the ex-soldiers, then let us procure these funds, as I propose, by means of a sales tax on high luxuries.

If the bonus is granted, provision should and I believe will be made for paying it out of revenues. To provide for it in anywise by bonds would be

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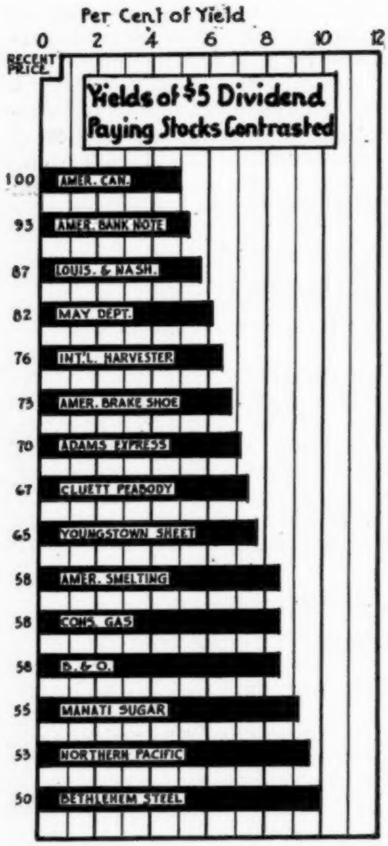
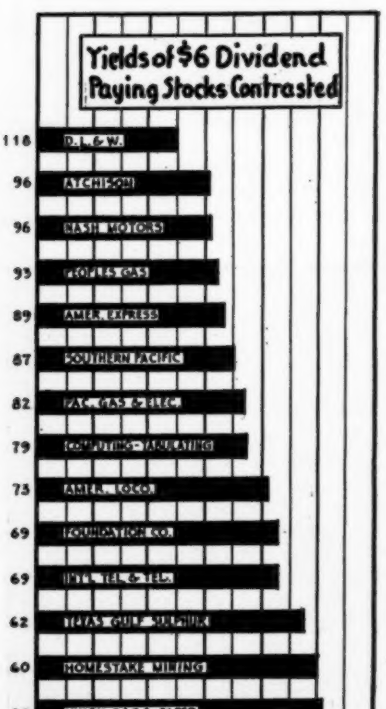
The theatre-admission tax which Madden champions would be levied upon the higher-priced establishments where "those who want something better should be willing to pay for the privilege."

Unraveling the Puzzle of

Why Yields on Stocks Vary

A Comparative





TO the unitiated investor, one of the most puzzling features of the market is the fact that individual issues in any market group of stocks paying the same rate of dividends will sell at different prices and offer different returns at practically any given period in the general course of security prices.

Why, for example, should the common stock of the Studebaker Corporation, paying dividends of $10 a share annually, sell around $100 a share, returning 10% on the investment whereas Canadian Pacific stock, paying the same rate of dividend, sells nearly 50 points higher? On the other hand, Stewart Warner, which also pays $10 per share, sells at around 85, or about 60 points lower than Canadian Pacific. Why, for example, should American Can common, paying $5 dividends annually, sell at 100 whereas Bethlehem Steel common, which pays the same rate of dividend, sells at 50 or half the price of American Can? To carry the illustration further, why does Woolworth stock, paying $8 dividends, sell at 280 whereas Pan-American B stock, paying the same dividend, sell at 55 or less than one-quarter of Woolworth's price?

These are stock market questions which are a constant puzzle to investors. Unfortunately, there is no simple answer to such questions.

To start with fundamentals, however, it is necessary to understand that **the value of any given security depends primarily on what one is willing to pay for it.** Stocks do not sell at high prices accidentally but because someone or a group of someones is willing to pay these prices. On the other hand, a stock sells at low prices because someone or a group of someones is willing to sell at these prices. The price of any stock, therefore, is measured by the most one is willing to pay for it or, to put it another way, the least one is willing to take for it. That is why, for example, Woolworth, paying $8 dividends, sells at 280 whereas Pan-American B, paying the same dividend, sells at only $55 per share.

Now why should one be willing to pay $280 per share for Woolworth and only $55 per share for Pan-American B, despite the fact that both stocks pay the same amount in dividends? Why should not all investors prefer Pan-American B which offers a return of 15.5% on the investment while Woolworth returns not quite 3%? On surface, it would seem as if Pan-American presented a vastly more favorable opportunity. Yet this is not the case from a purely investment viewpoint. The high price of Woolworth represents the feeling that Woolworth will pay a great deal more than the current rate in the not distant future, either through a substantial stock dividend or actual increase in the cash dividend now paid. Pan-American B, on the other hand, is selling at what appears to be a phenomenally low price because there is a feeling that the $8 dividend is not secure and because, at least in the estimation of those willing to sell at current low prices, it may be that the dividend on this issue will be reduced. In other words, the yields on these issues represent well-grounded opinion as to the security of the respective dividends and their outlook.

In the case of dividend-paying issues, therefore, the percentage of yield obtainable at any given time is an index, generally a most important index, of the safety of the dividend in question. Putting this as a formula, we may say: The higher the yield on any given security, the more questionable the position of the dividend. Conversely, an exceptionally low yield would indicate that the dividend is safe beyond reasonable doubt.

With this in mind, it would be worth while for the reader to scan the newspaper columns with the idea of comparing the yields on leading securities. As a guide to readers, we have arranged in the accompanying table and diagrams, some of the leading stock issues in such a manner as to clearly convey an impression of their position with regard to the yields they offer. Notice, for example, in the case of the stocks paying $5 a share dividends, that only three of the fifteen given are selling at the same price, namely American Smelting, Consolidated Gas and Baltimore & Ohio, all of which at this writing are selling at 58 returning 8.6% on the investment. With these exceptions, the yields obtainable on the group of $5 dividend payers listed herewith, varies from 5% as in the case of American Can to 10% as in the case of Bethlehem Steel. Obviously, the Can dividend is considered in a much more secure position than that of Bethlehem Steel: incidentally, the higher price of the former probably represents the belief that the dividend will be raised.

A similar situation prevails among the other groups listed in the given table and diagram. Thus, among stocks paying $6 dividends, the yields vary from 5 to 10.2%; among the $7 dividend stocks, yields vary from 5.3 to as high as 16.6%; among the $8 stocks, yields vary from 2.8 to 15.5%, and finally the $10 stocks given in the list show a variation in yield of from 5.7 to 11.5%.

It is interesting to view this situation from another angle. Thus, take all the stocks named that are selling at or near par. Accordingly, we have the following:

Prices given in this article are as of time of writing. No subsequent changes have been taken into consideration.

Stock Market Values

—Significant Sign Posts for Investors

Analysis by E. D. KING

	Recent Price	Div. Rate	Yield
Amer. Can	100	$5	5.0%
Atchison	96	6	6.2
N. Y. Central.......	102	7	7.2
Detroit Edison	103	8	7.7
Studebaker	100	10	10.0

One could go through the list and make other comparisons: thus, stocks in different dividend-paying categories that sell around $90 a share, those selling around $80 a share, etc., etc. In any case, the reader would find, as indeed he does in the above table, that it is perfectly possible to select a list of stocks with a graduated schedule of yields at the same time paying about the same price for any or all of them. In other words, the investor can acquire American Can, selling at par, *paying* $5 *in dividends and yielding* 5% or Studebaker, also selling around par, but *paying* $10 *in dividends and yielding* 10%.

This leads to the question whether this sort of information cannot be useful to the investor. For example, suppose the investor were confronted with the problem of investing in either Can or Studebaker. Should he select Studebaker, he would receive twice as much income as from Can. Obviously, or at least apparently, he should do so in preference to purchasing Can. Yet, remembering what was said previously about the yield of any given security being an index of the safety of the dividend, it would appear from this that the Can dividend, so to speak, is twice as safe as that of Studebaker. Yet, strangely, this is not the case. In the opinion of the writer, at least, the dividend on Studebaker is about as secure as that of Can. Then why indeed should not the investor prefer Studebaker to Can? He should, as a matter of fact.

Without digressing from the main point of this article, the writer may point out the powerful financial position of Studebaker, its extremely high earning power, excellent position in the industry and progressive character of the management. These things are also true of Can but, from an investment yield viewpoint, Studebaker at these prices gives the better results and would, even if Can increased the dividend, unless of course, it should actually raise it to Studebaker's level, or $10 a share.

This illustration is presented merely with the idea of showing the investor that, while he should always look upon an obtainable high yield as something to question, he should not merely pass by such an opportunity just because the yield is high. Frequently, some admirable opportunities can be had by investors who are willing to examine all the facts regarding an issue and act on them.

Another valuable element contained in a comparative analysis of security values is that it frequently offers the medium for profitable switching opportunities. Thus, for example, Delaware, Lackawanna & Western, paying $6 in dividends

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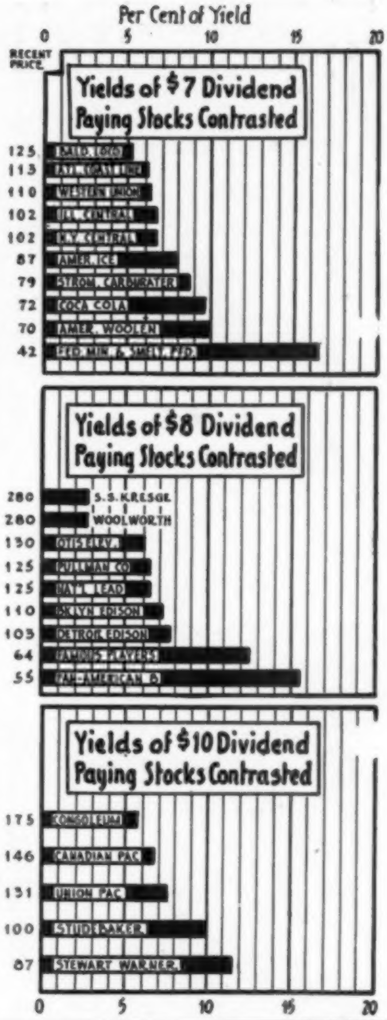


THE DISPARITY BETWEEN YIELDS OF LEADING STOCKS

Paying $5 Per Share Annually

	Recent Price	Yield %
American Can	100	5.0
American Bank Note	93	5.3
Louisville & Nash...	87	5.7
May Dept. Stores...	82	6.1
Internat. Harvester..	76	6.5
Am Br. Shoe & Fdy.	73	6.8
Adams Express	70	7.1
Cluett Peabody	67	7.4
Youngstown S. & T.	65	7.7
American Smelting..	58	8.6
Consolidated Gas...	58	8.6
Great Northern pf...	58	8.6
Baltimore & Ohio...	58	8.6
Manati Sugar	55	9.1
Northern Pacific....	53	9.6
Bethlehem Steel....	50	10.0

Paying $6 Per Share Annually

	Recent Price	Yield %
Del. Lack. & West..	118	5.0
Atchison	96	6.2
Nash Motors.......	96	6.2
Peoples Gas.......	93	6.4
American Express...	89	6.7
Southern Pacific....	87	7.0
Pacific Gas & Elect..	82	7.4
Comput.-Tabul.-Rec.	79	7.5
Amer. Locomotive..	73	8.2
Foundation Co.....	69	8.6
Int. Tel. & Tel......	69	8.6
Texas Gulf Sulphur..	62	9.6
Homestake Mining..	60	10.0
Union Bag & Paper.	58	10.2

Paying $7 Per Share Annually

	Recent Price	Yield %
Baldwin Locomotive.	125	5.5
Atl. Coast Line.....	113	6.2
Western Union.....	110	6.3
Illinois Central.....	102	6.8
N. Y. Central......	102	6.8
American Ice......	87	8.0
Stromberg Carburetor	79	8.8
Coca Cola	72	9.7
American Woolen ..	70	10.0
Fed. Min. & Sm. pf.	42	16.6

Paying $8 Per Share Annually

	Recent Price	Yield %
S. S. Kresge.......	280	2.8
Woolworth & Co...	280	2.8
Otis Elevator......	130	6.1
Pullman Co........	125	6.4
National Lead	125	6.4
Brooklyn Edison ...	110	7.2
Detroit Edison	103	7.7
Famous Players....	64	12.5
Pan-American B....	55	15.5

Paying $10 Per Share Annually

	Recent Price	Yield %
Congoleum	175	5.7
Canadian Pacific ...	146	6.8
Union Pacific......	131	7.6
Studebaker	100	10.0
Stewart Warner	87	11.5

HERE and THERE and EVERYWHERE
—In Industry and Finance

"THREE EIGHTHS FOR TEN!"
Telephone operators signalling bids to floor members in the pit of the Chicago Board of Trade

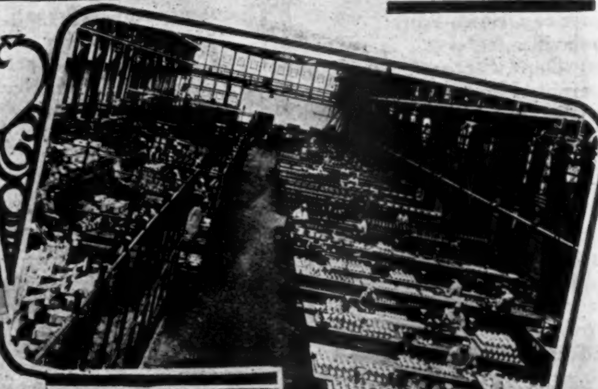
ASSEMBLING A PLANE
A glimpse inside the Curtiss plant at Buffalo showing one of the last steps in growingly important Industry

THE OLD WAY
When we relied on natural ice for our whole supply this method of marking was used prior to cutting

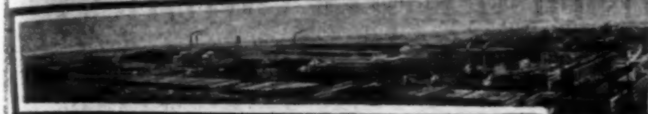
BREAKS LONG SILENCE
George F. Baker famed for his policy of having "nothing to say" recently departed far enough from his rule to predict increasing prosperity for the U.S.

BY MULEBACK
Still in use in some of the mountain mines of Peru where mining has always been a foremost industry

PART OF THE DAILY LINE-UP
At the Cadillac Plant in Detroit. These cars belong to the workers and there are more than 3,000 of them



KRUPPS AT PEACE!
Milk condensers and other dairy apparatus is what this unit of the Great Krupp works is turning out to-day

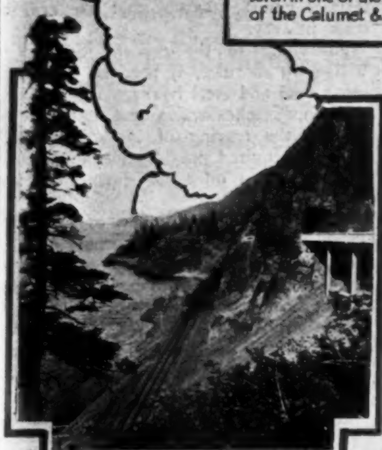


WHERE THE BUICKS COME FROM A panorama view of the mammoth Buick plant at Flint, Michigan—one of the busiest motor plants in the world

IN MOURNING FOR PRESIDENT TAYLOR
American Express offices draped in black following the death of the company's president

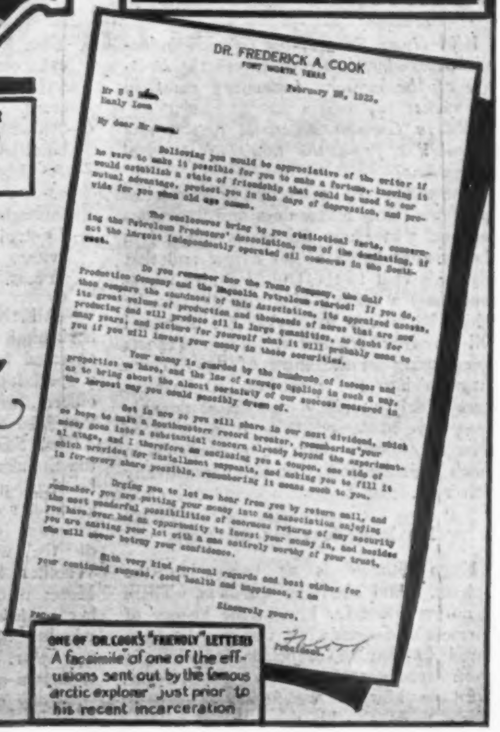
A CHUNK OF COPPER
Cut out by an acetylene torch in one of the mines of the Calumet & Hecla

The Late GEORGE CHADBOURNE TAYLOR
President at the time of his death of the American Express Co. and one of the best loved of our industrial leaders



THE MITCHELL POINT TUNNEL
A picturesque scene on the Columbia River (Ore.) highway of the Union Pacific Railroad

WEIGHING CRUDE RUBBER
A shipment from Brazil being put on the scales bag by bag at a Pennsylvania R.R. siding



DR. FREDERICK A. COOK
FORT WORTH, TEXAS

February 28, 1923.

Mr F S [redacted]
Manly Iowa

My dear Mr [redacted]:

Believing you would be appreciative of the writer if he were to make it possible for you to make a fortune, knowing it would establish a state of friendship that could be used to our mutual advantage, protect you in the days of depression, and provide for you when old age comes.

The enclosures bring to you statistical facts, concerning the Petroleum Producers' Association, one of the dominating, if not the largest independently operated oil concerns in the Southwest.

Do you remember how the Texas Company, the Gulf Production Company and the Magnolia Petroleum started! If you do, then compare the soundness of this Association, its appraised assets, its great volume of production and thousands of acres that are now producing and will produce oil in large quantities, no doubt for many years; and picture for yourself what it will probably mean to you if you will invest your money in these securities.

Your money is guarded by the hundreds of incomes and properties we have, and the law of average applies in such a way as to bring about the almost certainty of our success measured in the largest way you could possibly dream of.

Get in now so you will share in our next dividend, which we hope to make a Southwestern record breaker, remembering your money goes into a substantial concern already beyond the experimental stage, and I therefore am enclosing you a coupon, one side of which provides for installment payments, and asking you to fill it in for every share possible, remembering it means much to you.

Urging you to let me hear from you by return mail, and remember, you are putting your money into an association enjoying the most wonderful possibilities of enormous returns of any security you have ever had an opportunity to invest your money in, and besides you are casting your lot with a man entirely worthy of your trust, who will never betray your confidence.

With very kind personal regards and best wishes for your continued success, good health and happiness, I am

Sincerely yours,

President.

ONE OF DR. COOK'S "FRIENDLY" LETTERS
A facsimile of one of the effusions sent out by the famous "arctic explorer" just prior to his recent incarceration

G.M.C.'s DETROIT HEADQUARTERS
The massive structure erected by the General Motors Co. at Detroit probably the largest office building in the world

The Long Arm of Hugo Stinnes Reaches Over to America

German Industrial Magnate Throws Down Gauntlet to Standard Oil—Does He Seek a World-Control of Business?—His Strange Personality

By J. L. GOUVERNEUR

WILL German brains accomplish what Teuton brawn failed to achieve?

Will Hugo Stinnes, the German industrial Ludendorff, succeed where the strategy of the military Ludendorff went on the rocks?

Will a German industrial empire rise phoenixlike from the ashes of political aspirations?

These are not academic or rhetorical questions. Only a few days ago the cables reported that Hugo Stinnes is engaged in the greatest battle of his career and that his son's visit to the United States represents only a feature of a gigantic plan by which he intends to combat the Standard Oil on four continents. These reports commenting on the entry of the German magnate into the American oil business were widely circulated and unquestionably must have made something of a sensation even in quarters that are presumably in touch with the doings of this fantastically rich man.

No Precedent for Stinnes

Hugo Stinnes is as unique as the Sphinx. And about as wordless. There is no precedent for him in the history of business or finance. His rise may be compared to that of Napoleon, only vastly more speedy. Beside him Rockefeller, Ford or Morgan are financial pygmies. Three years ago his name meant nothing outside of Germany. Today it is a household word all over the world. He wields a financial power fantastic in its extent. How secure his grasp is time alone will tell.

Arno Dosch-Fleurot, the brilliant French journalist, said, in speaking of Stinnes, that he owns or controls so much inside or outside of Germany that a list of his holdings would not only be wearisome but meaningless to most. If a business emperor like Stinnes arose in the United States, he would have to own or control the equivalent of the following:

1—The Federal Reserve Bank and all the Federal banks.
2—The U. S. Steel Corporation, Bethlehem Steel Corporation and about one half of all the coal produced.
3—Standard Oil made into a new trust taking in all the new oil concerns.
4—The largest electrical works.
5—The largest electrical supply concerns.
6—An automobile combination.
7—A big newspaper in every city and many throughout the country.
8—Control of all the news services, including the Associated Press.

—All the foregoing organized into horizontal and vertical trusts and operated by a personnel picked from a special class like the German army officers, who hold most of the important jobs under Stinnes.

That Stinnes is in a position to defy the Standard Oil is undebatable. That he has actually thrown down the gauntlet seems well corroborated. His ambition for the industrial dominance of the world is generally known. Whether he dreams that he is the Moses who will lead Germany out of her wilderness by the dollar route, or whether he works solely for gain is not clear. Perhaps his mental attitude is a combination of both motives.

In any event, it is reliably reported that he believes that control of the world's oil supplies will mean the industrial control of the world.

Building an Oil Pyramid

His efforts are centered on obtaining a substantial share in the oil fields of the Argentine, Oklahoma and Texas, China, Mesopotamia and the Caucasus. Stinnes is reported to have already acquired control of some of the Standard Oil competitors. This year he organized a company in Buenos Aires to compete with the Standard Oil Company. His oil holdings are already valued at between $40,000,000 and $50,000,000 and are still in their infancy.

According to the reports, Stinnes is willing to sacrifice, if need be, his enormous coal and steel holdings in Germany, Austria, Czechoslovakia and Denmark to further the rearing of his oil pyramid. He has acquired considerable holdings in the Rumanian oil fields during the last two years.

In addition to his dream of industrial world supremacy, Stinnes wants oil for his ships, his mills and his other industries. In the field of refined oil he is expected to limit his competition with the Standard Oil to Germany, where the Standard Oil of New Jersey has a subsidiary. But he will compete with the Standard for crude oil in the leading oil fields of the world.

Competition is nothing new to the Standard Oil people, and the published reports of the German industrial leader's plans have caused no panic in the Standard Oil camp. It is admitted, however, that never before has such for-

(*Please turn to page 278*)

America—Final Hope of European Investors

Probable Effect of European Funds on American Investment Securities

By JAMES A. MIDDLETON

IS Europe sending its surplus funds to America for deposit and investment? Few questions are more vital for the immediate future of our financial welfare. If large amounts of capital are being invested by Europeans in American securities, the foundation is laid for a substantial upward movement, in bonds as well as stocks. If, too, the money shipped over here is largely left on deposit with American banks, the pressure of these surplus funds on the money market should tend to keep money in ample supply, if not actually to depress interest rates and so indirectly stimulate a boom in bonds and high-grade investment stocks.

THAT money has been coming into America, outside of the normal channels of demand, from Germany and some of the other financially weak states of Europe for the last two years if not more, has long been no secret. How far the "stronger" European countries have participated in this movement, however, has not been clear until quite recently.

The sharp break all through the foreign exchange list some weeks ago, followed by an equally sharp recovery, was the clue to a number of mysterious developments. In the first place, when sterling can break fifteen cents to the pound in little over a week, and then recover ten cents in a single day, it is evident that it is folly to talk about the "stability" of the pound. Comparatively speaking, such fluctuations are greater than even those of the French and Belgian franc.

They indicate the existence of a very strong speculative element in the foreign exchange market, which tends to exaggerate the scope of both advances and declines.

Part of the heavy buying of American dollars, which brought on the break, has been attributed to the British Government, but this is not believed in banking circles, because of the swiftness with which rates went down. The British Exchequer is a more skilful purchaser than that, it is believed.

The actual feverish buying of dollars, apart from the professional exchange traders, was done by the smaller British concerns with American bills to meet, who feared that they might be confronted with a high dollar rate when they came to make their purchases of dollar exchange, because of the unfavorable political developments which had been brewing. When the expected unfavorable political turn did not materialize, they realized that they had more dollar exchange on their hands than they want, and were able to get out at a slight loss or none at all by selling their dollar exchange, thus starting sterling and the other currencies up again.

That the demand for dollars is confined to relatively few countries is indicated by the fact that during recent weeks they have risen when sterling rose, and fallen when sterling declined. On one day, the entire European list moved down in a body, a number of currencies making new lows for the year; a week later, nearly the entire list moved up again.

A survey of the situation among bankers doing much European business reveals the fact that an unusual (one banker described it as "abnormal") amount of money is coming over from England and France for deposit and investment here, in addition to the German money which has been moving steadily over to this country.

It is estimated that possibly 10% at the outside of this new money is intended to immediate or eventual investment; the greater part is deposited through a European bank with American banks. While some of it is being used for investments of great safety and extreme liquidity, such as call loans, short-time paper, etc., a good part of it simply remains on deposit with the banks, drawing very low rates of interest.

From the method of its handling this part would seem to represent the normal cash reserve and surplus of any well-managed business; except that, instead of being kept in a bank in the country of its origin, it is sent by its owners for deposit here.

There are two direct effects of this heavy movement of European funds here—a stronger tone in the investment market, and easier money conditions, possibly going as far as a decline in money rates, in the short-term money market. The first is not likely to go very far, except insofar as it will strengthen the market for bonds to have this steady demand waiting to pick up good securities at attractive prices—the reason being the comparatively small amount of European funds which its owners are willing to lock up in bonds or preferred stocks.

The money market has undoubtedly already reflected the presence of these extra funds from abroad in greater softness, but one should be cautious about predicting from this fact an impending decline in rates, as the latter have shown great resistance to the lower tendency that would naturally be expected in view of the excellent banking situation now prevailing.

However, this does not exhaust the manifold and complicated effects of the new influx of capital from Europe. One man who speaks with authority for a very considerable railroad group told the writer in a private conversation that it was generally expected that the roads would have an easier time of it in marketing equipment trust certificates in 1924 than recently, because of the demand of European capital for a safe investment.

Some idea of the volume of capital involved in these transfers of money from America abroad and back again will show what effects changes in the demand for dollar exchange are capable of having. A recent estimate of the Department of Commerce figures that the world required in 1922, no less than 4,692 million dollars to pay its current commercial obligations to America. While these figures are for the entire world, all but an insignificant part of them were cleared through the great exchanges of Europe, so that from the point of view of our study they may be considered as transfers of European funds.

In a market as highly organized and delicate as that in foreign exchange, it is more than likely that for each dollar of actual business requirements, there are several representing speculative and arbitrage transactions. On top of these come purchases of dollar exchange to an unknown amount, but probably in the hundreds of millions, by Europeans for the purpose of accumulating credits on this side as described above. These last sums represent the real "exodus of capital" from Europe to America.

When all these huge sums start moving one way, westward or eastward, it is easy to see how sharp movements of exchange rates are produced. The net result on the American money and investment market may be expected to be, first, a strengthening of the prices of investment securities, and, second, an increased downward pressure on money rates against the forces that tend to keep them up.

The Losing Struggle Between Overalls and the White Collar

By H. M. HITCHCOCK

Once on a time this man's children would have looked upon his means of livelihood with confidence and respect. Today, it is an "overalls" job—and as such is anathema to our rising generation

JOHN KOZMYNSKI came over from Poland some fifteen years ago. John had worked all his life on a farm; but not on a farm of his own. As a peasant laborer and tenant of a nobleman, it took him many years to save the money he needed to pay his passage to America, where, as everybody in his walk of life in Poland in those days knew, you could get plenty of splendid farming land, all your own, merely for the asking.

John didn't actually find things quite as easy as that, but he did find work at good wages, and by and by he did succeed in bringing over the family and in buying and cultivating a little piece of land over in New Jersey, on which he could raise enough vegetables and garden produce to keep them all, and put a little money aside for the children's education.

But now the children are growing up, and John is still farming. He will go on farming all his life, because he doesn't know anything else to do. But not one of the boys is with him; not one of them has the slightest intention of taking over the farm when his father is too old to carry it on, and what is more, John himself will tell you he is glad they haven't. John has been an American citizen for ten years, but of course he still speaks broken English; of course he is still considered a "Bohunk" by super-American neighbors whose credit rating, if they knew it, is quite a bit lower than John's.

John is pretty well accustomed to that attitude, and doesn't mind it so much, any more. But his boys do mind it very much, and he understands their feelings, and sympathizes with them. In the depths of his simple soul he has managed, somehow, to make a sort of analysis of his neighbors' opinion of him. As he sees it, it is partly due to the fact that his English betrays his origin, but much more to the fact that he works in his fields with his hands.

John Kozmynski does not differ very much from other fathers. He is ambitious for his boys. He is very proud of them; they are genuine Americans. Peter served in the war and has a wound chevron to show. They talk "just so goot English" as anybody. But they mustn't work the way their father did; they are too good for that. They are all looking for positions, not jobs—positions permitting them to wear a collar and tie all day, and keep their fingernails manicured.

It does seem unfortunate that even the Kozmynski boys like to eat, and like to eat vegetables as well as other things. Somebody will have to raise vegetables for them after their father can't do it any longer. If you asked them who would do it, they would tell you they should worry—and so, perhaps, they should. Certainly somebody should.

If the case of the Kozmynski family were a solitary one, it wouldn't be worth telling about here. But it isn't. It is altogether too nearly typical of our history for the past twenty years—the real history, because the manner in which people get things to eat is rather more important than anything else about them.

You can't blame the Kozmynskis, father or sons. You can't even blame all the other families who have gone through the same experience, with the same result. They are only following the well-nigh universal example, which has brought over half our population, as the 1920 census showed, into the cities, and left to considerably less than half of us the job of feeding the rest of us.

Nor is the problem which they are setting us, merely applicable to the farming industry alone, although it is probably more acute there than anywhere else. It is also more pressing there, because after all, the man who makes the soil bring forth food, is the only really essential man there is; the rest of us are merely riding on his back.

We may not believe in Adam—in spite of Mr. Bryan—any longer; but we had better keep on believing in the curse of Adam, if we know what is good for us. "In the sweat of thy face shalt thou eat bread," is simply a poetic way of stating an elementary economic fact, which all the machinery hasn't yet succeeded in overturning.

There is not a single basic industry in this country that can be carried on today without a considerable quantity of rough labor, hard labor and dirty labor. No matter how elaborate the automatic and semi-automatic machinery we have evolved, we are still a long way from the stage where all we have to do is to press a button and release the well-trained cosmic forces to do the rest.

Since that is the case, why not recognize it? Why have we allowed a false set of values to impose itself upon us so that the one end and aim of every working man, like that of John Kozmyn-

More and more strongly, the movement from farm to city—from overalls to the white collar—is proceeding. Even now, less than half our population is relied upon to plant, cultivate and harvest the food upon which the rest of us must live

ski and all his fellows, is either to climb up out of the "manual labor" class, or to see to it at least that his children do? And why do we call it "climbing" to go from work that is essential to work that to a considerable degree is non-essential?

There is another angle to this question: If we are universally to accept the theory that manual labor is something from which to escape at any price, who will first succeed in escaping, and who will be left behind? Naturally, the most intelligent individuals in the community will lead, and only the slow, the stupid and the outright mentally deficient be left behind. We can see the beginnings of this process already, all around us. The old-time youngster, whether native-born or immigrant, who started out as a pick and shovel hand, and by good brain and muscle, working together, became foreman of his gang and ultimately, perhaps, an independent contractor or at least a superintendent, gets rarer and rarer. And even the rough labor can be more poorly and inefficiently and expensively done, because of the steady deterioration in the quality of the men who are doing it.

Our offices and factories are crowded with young men and women who have chosen the white collar in preference to overalls. Was their choice a wise one? Is the country better off for it?

Office vs. Out-of-Doors

Efficiency men go through our factories and workshops every day, proud and happy if they can introduce some new idea. Sometimes they spend thousands in a comparatively slight re-arrangement of the machinery or re-routing of the material, to save the labor of a few workmen here or there. Is one-half as much attention given to the working methods of the swarms of clerks and stenographers and assistants of various degrees? Has it ever occurred to anybody to prove to some of these latter, that they would really be happier, healthier, better earners and better off in every way, if they were to climb down from their office chairs and stools, and take real jobs out of doors?

There is widespread uneasiness and alarm in the city of New York today, and in other cities as well, over the enormous wages that are being paid in the building trades. The popular tendency is to blame the unions, or the individual workmen. That would sound well for anybody who can prove that he himself has ever deliberately foregone an opportunity to make all the money he could, out of any situation in which he found himself.

Advantages of Labor Unions

Do you really believe, that if there were as many youngsters growing up as there used to be, who would consider it entirely natural and attractive, to learn the bricklayer's or the plasterer's trade, the unions would have been able to limit their apprenticeships or to hold down the lid as snugly as they have done? We have all of us helped them with all our power, by spreading the notion that there were better things in the world than to be master of trade, and by diverting into office work, or soda-jerking and similar useful occupations, the makings of good workingmen.

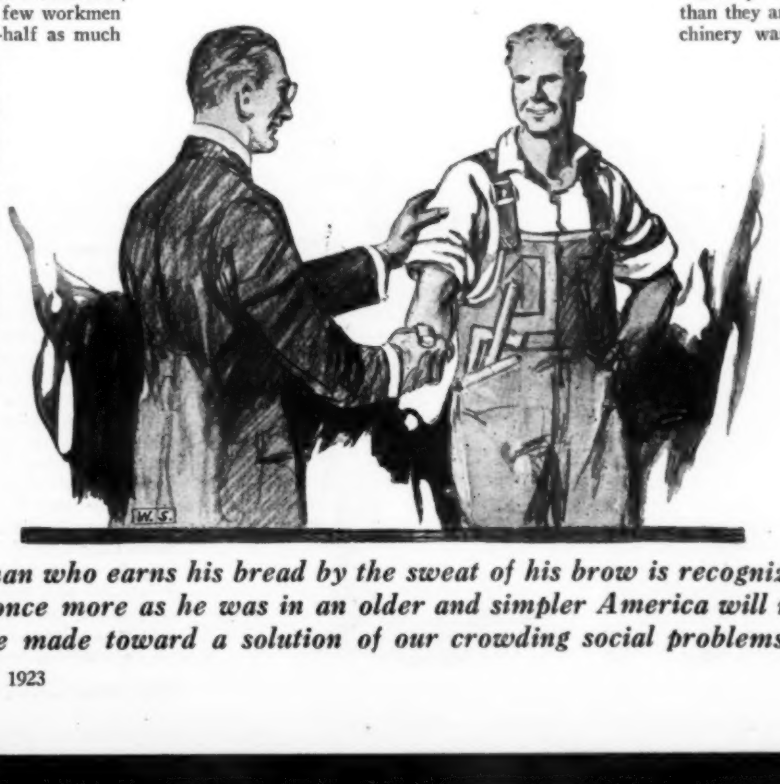
The trouble is that our appetite for hard work has been shrinking faster than the machinery, with which we have been striving to replace it, has grown. Machinery has been able to take a good deal of the drudgery out of life, but more drudgery keeps growing up to replace what was taken away. How many of us really have left something of the old-fashioned pride and satisfaction in a good job, well done, even if it was only the digging of a ditch or the cutting down of a tree? Yet ditches must still be dug, and trees cut down.

Think back for a moment to the conditions of life in this country an even hundred years ago. In those days there was not a tithe of the machinery in this country that there is today, and what machinery there was, by modern standards was hopelessly inefficient. Practically everything that our great-grandfathers owned or handled or used was made, very largely, by hand.

Machinery Made for Man

And yet it is hard to escape the conclusion that, in many important and fundamental ways, the conditions of life in this country a hundred years ago were considerably healthier and happier than they are now. After all, machinery was made for man, and not man for machinery, and if all our boasted material progress has still left us with a less happy and a less well-balanced social organization than we had before it began, it is time to find out what is wrong.

A hundred years ago there were no huge accumulations



Not until the man who earns his bread by the sweat of his brow is recognized once more and respected once more as he was in an older and simpler America will much progress be made toward a solution of our crowding social problems

of wealth in this country, and the cities that existed were very much smaller, dirtier and less imposing to the eye in every way. But on the other hand, there was a great deal less abject poverty, and the farmer, even the pioneer farmer in the West, while he may have handled very little money, had plenty to eat and no lack of such comforts as were known in that day, for himself and his family. And, as has always been the case when the farmer has been well off, he fed the rest of the population generously and well, all things considered.

They Won't Stay Put

Why don't things run as smoothly in this country today, when we have mechanical equipment, even on the farm itself, such as our great-grandfathers never dreamed of? Some people will tell you it is faulty distribution; some that there are too many middlemen, or too circuitous marketing routes, or that rail rates are too high. But none of these explanations really explain. When you begin to pry into any of them, you find that each rests on something else, and that all of them together grew up in consequence of a single basic condition; too many people trying to get out of work, or to leave the hard labor to somebody else; not enough people willing to put their shoulders to the wheel.

Competition among dozens of industries for what labor supply we have left has reached the point where something has to drop, pretty soon. The farmer has already been left far behind in the race. He hasn't even a chance with the wages that are being offered in the mines and quarries and factories, and he knows it. But he also knows that in the long run he will not suffer alone.

It seems to be definitely settled that we have no desire to attempt a settlement of this problem by admitting the hordes of the world's proletariat to do the rough work for us. Certainly in the days when we did so admit them, the problem wasn't solved. Because, just as happened in the case of John Kozmynski, the laborers we admitted—and small blame to them—had no sooner gotten a good whiff of American air, than they refused to stay in a class that, they found, was barely tolerated by the very people to whom it was indispensable.

The Solution

No; there is no solution to be found in the attempt to create a permanent helot class—a standing army of Robots to do all the hard work. To do that would be to falsify the very things that America stands for. What is the solution? It is for the leaders of our economic community to find, but this much may be said: Singularly little progress will be made toward it, unless and until the handicraftsman, the man who earns his bread by the sweat of his brow, is once more recognized, as he was in that older and simpler America, as worthy, not only of his hire, but of the respect of every other man who benefits by his labors.

Our Own All-American Financial Team

We Make Our Selections Based on the Records of This and Previous Years

By Our Own WALTER CAMP

TO begin, in proper classical style, with the end of the story, here are our selections for the All-American Financial Football Team for 1923:

Left End	Ward Baking Co.
Left Tackle	The Short Interest
Left Guard	R. M. LaFollette (M. Johnson, Brookhart, alternates)
Center	C. Coolidge
Right Guard	The Grand Old Party
Right Tackle	Booth Fisheries
Right End	R. Poincaré
Quarterback	Consolidated Gas Co.
Right Halfback	Income Tax Department, Bureau of Internal Revenue
Left Halfback	The Rent Bill
Fullback	The Market
Drawback	W. J. Bryan

In the following paragraphs we shall condense the reasons which, after many nights of studious meditation over the midnight oil, led to our selections.

For the position of LEFT END we could not find a more suitable candidate than the Ward Baking Co. If you just figure the number of left—ends of their bread that accumulate in the course of a year, the reason is obvious. Fooled you that time, what?

The choice of a LEFT TACKLE was a little harder. We finally picked on the Short Interest for the following reasons:

first, everybody has been picking on them lately, so why not we? Second, they have shown considerable ability in breaking through the defense this year, although at last reports, while carrying the ball, they were thrown for a heavy loss.

It would be difficult to reject the claims of Mr. LaFollette for a place as the LEFT GUARD on our team, although he might personally prefer to be placed a little further over toward the Left. It will be noticed that he has a host of equally worthy substitutes able to get into action any time he leaves off. This group has shown its ability mostly in kicking, rather than in actually advancing its side, but they are especially valuable members of any team as they can fill in as cheer leaders when not in play.

The well-known "middle of the road" policies of Mr. Coolidge entitle him without a doubt to his place as CENTER, where he should feel at home in the middle of the rush line.

No one could reasonably dispute our choice of the Grand Old Party as the Right Guard—called by its enemies the Old Guard. How "right" they are, time alone can tell.

We are not so sure about the fishing methods of the Booth Fisheries Co., but if they are like any other fishermen we have ever seen they are very careful in their choice of the RIGHT TACKLE. (Wow!)

We have no doubt a good many people on this side of the water will agree with us that for high-class all-around interference work, with an uncanny ability at forward-passing the buck, M. Poincaré leaves little to be desired as RIGHT END.

We are willing to admit some hesitation as to the choice of the Consolidated Gas Co. for QUARTERBACK. However, some of our readers may have had more luck with those pestiferous 25-cent meters than we, so we'll let it go at that.

With awe and reverence we nominate the Income Tax Department of the Bureau of Internal Revenue as our choice for RIGHT HALFBACK, as anyone will agree after bucking up against them in the annual scrimmage which takes place around the 15th of March. Their methods may be called roughhouse, but they have a way of tackling the old bankroll hard and usually succeed in throwing it back for quite a loss.

(Please turn to page 278)

Are You a Criminologist? It Is Essential to Stock Trading!

So Is a Knowledge of Psychology, Military Science and Engineering

By BERTRAM COONS

THE serious study of the stock market leads to the conclusion that stock trading is a science that involves many of the essential principles of other important sciences and arts. Almost every branch of knowledge is useful in the study of the market, and innumerable analogies may be recognized and interpreted. A certain broad, general knowledge of other sciences is essential to the intelligent investigation of the market, and detailed and specific knowledge with regard to certain scientific and engineering principles will no doubt serve to increase the accuracy of the student's judgment.

Among the varied fields of investigation that offer helpful analogies and principles for a more exhaustive study of the market, are the following:

1. Economics.
2. Statistics.
3. Mathematics.
4. Physics.
5. Mechanics.
6. Psychology.
7. Criminology.
8. Logic.
9. Military Science.
10. Engineering.

That a general knowledge of economics is essential as a background for the study of security price movements is almost axiomatic. The stock market, with all its ramifications and influences, is an essential element in our economic structure. There is no phase of economic development that need be misleading in the study of the market, if properly interpreted and classified.

Statistics serve a most valuable purpose provided their phase relationship to the market is appreciated, and careful distinction is made between facts that discount market action, and those that lag behind. The amateur student often gets the cart before the horse, with most distressing although common results.

Prices, price changes, ratios, percentages, volumes, time intervals, and geometric configurations in the graphic presentation of these mathematical elements, are all working tools in constant use. Graphic study of the market's mathematical phenomena leads often to interesting analogies between the trend of market averages and the behavior of certain curves that express graphically the corresponding equations of so-called higher mathematics.

Many of the phenomena of physics and mechanics have their analogies in the market, such as compression, tension, elasticity, bending moments, sheer speed, weight, force, power, momentum, inertia, acceleration, retardation, component forces and their resultants, leverage, buoyancy, gravity, and, although the market involves composite opinions instead of complex substances, its behavior, under various mental and financial stresses and strains, may be compared to that of physical structures under analogous physical forces.

Much has been written about the psychology of the market, which involves a study of the mental attitude of the various classes of individuals that take an active part therein, and the effect of this attitude, especially with regard to speculative activity. The various attitudes may be classified, for example that of the large professional investor and speculator, the student of fundamentals, the student of technique, the well-informed, the ignorant, the long-pull investor, the trader, the gambler, the lamb, the sucker, and the fool. In considering the psychology of the market it is necessary to estimate the probable interpretation that each class of individual will give to the news, the propaganda, and the facts. It is a most complex human-nature study.

What You May Not Have Thought of Before

"Many of the phenomena of physics and mechanics have their analogies in the market.

"The psychology of the market involves a study of the mental attitude of the various classes that take an active part therein.

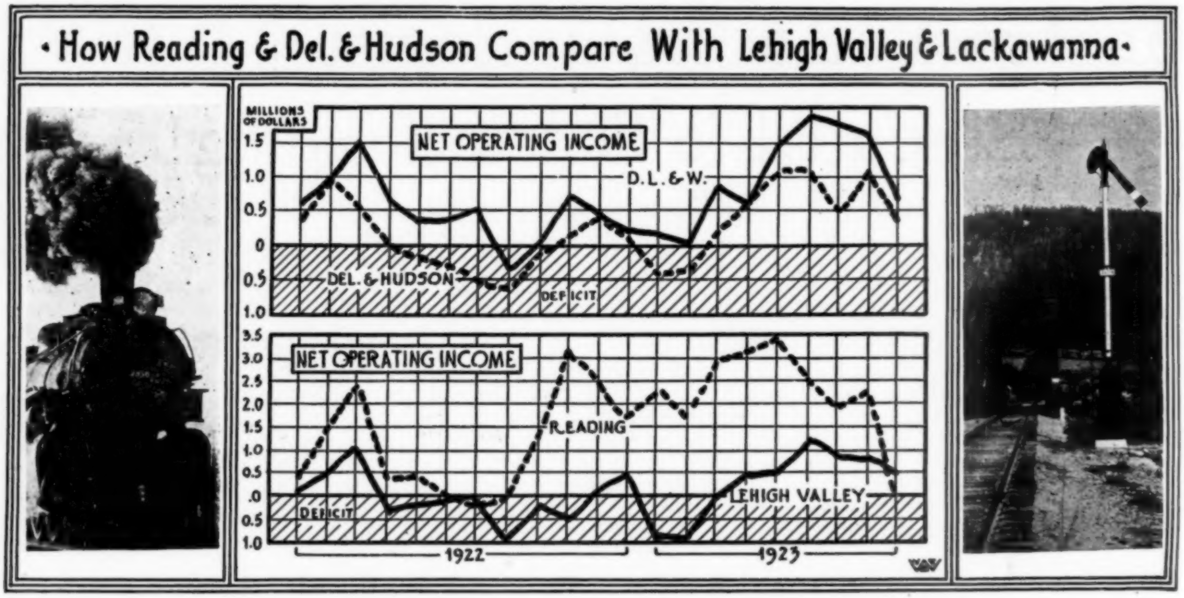
"The criminology of the market . . . is one of the most important factors with which the trader must deal."

The criminology of the market is a science regarding which the average investor is almost absolutely ignorant. Yet it is one of the most complex and important factors with which the trader must deal. The importance of this branch of market investigation should be apparent to one who stops to consider that the object of the trader is the same as that of the detective, namely to get at the truth and be able to prove it. To illustrate, let us review some of the qualities of a good detective, and see if they are not also the qualities of a good trader. It is the first quality of a criminal investigator that he should see through a disguise. How about the false moves in the market that are calculated to deceive the inexperienced speculator? Do not these moves often disguise the real purpose of the manipulator? A true detective will never allow himself to be governed by prejudice; he will regard with distrust all circumstances which seem to favor his secret desires; in the matter of information, above all, he will regard with suspicion that which seems probable, and he will always begin by believing that which seems incredible; he will not become elated by a trifling advantage, nor be discouraged at a mere nothing; he will not persist in holding fast to a fixed idea, as a moth flutters about a candle; he finds it often logical to believe the opposite of what he is told (inside information and propaganda); he will not try to prove that he has been right when he has been wrong; and he often concludes that "a bird in the hand—"

Logic has many definitions to fit as many nice distinctions, but in marketology it means that deductions and inductions should be consistent with the facts so far as they are known or can be estimated, and that no action should be based on ill-founded impulses, or on guesswork. There should be a reason for every action, or it should not be taken, for all mistakes are costly, not only in the money but in confidence and morale.

Military science has its analogy in the schemes and strategy of the large manipulators and pool managers, who are responsible for numerous maneuvers and gyrations that have no place in a free, normal market, under the influence of bona fide supply and demand.

The above brief notes should be sufficient to show that the intelligent direction of important investments or speculative ventures requires a broad knowledge of human nature and scientific principles, and ability to interpret and correlate data and phenomena that have any bearing on the results to be desired in view of the facts at hand, in short, operating in the stock market is a broad engineering problem, and, in consideration of the multiplicity of scientific principles and complex influences involved in its analytical study, it may be destined to take its place eventually as one of the leading sciences, MARKETOLOGY, or the Science of the Stock Market.



How Holders of Lackawanna and Lehigh Valley Can Improve Their Position

Two Switches Suggested—A Comparison of the Recent Record of the Four Leading Anthracite Roads

By JOSEPH M. GOLDSMITH

THERE is a small group of railroads whose main function is to transfer the anthracite coal mined in eastern Pennsylvania. It includes the Delaware & Hudson, the Delaware, Lackawanna & Western, the Lehigh Valley and the Philadelphia & Reading. They rely on hard coal to produce about half of their total freight revenue, and consequently are dependent upon a single commodity to a greater extent than is true of most rail roads. The absence of a diversified traffic is counterbalanced by the fact that, unless hindered by artificial restrictions, the production of anthracite coal does not undergo wide fluctuations.

The extended coal strike of 1922, and the short suspension of mining operations this year are still fresh in our minds. They do not give us much faith in the stability of anthracite production. Normally, however, it has proved very steady, for it is used mainly for household purposes and does not rely on the state of business activity. In this respect, it is unlike soft coal, iron, coke, etc., upon which most carriers in the East depend for the bulk of their traffic.

As a group, the anthracite roads have from the outset been exceptionally lucrative properties. The Reading, for example, suffered from over-ambitious and over-rapid expansion in the early days, but has long since outgrown its difficulties. The stability from year to year, and profitableness of the anthracite traffic have made these roads good earners.

The coal strike last year proved a severe blow. It occasioned a tremendous loss of revenue and the year's results were decidedly unsatisfactory. The individual roads have recovered their earning power to a varying degree. At the levels at which their stocks are currently selling, Delaware & Hudson and Reading appear more attractive than Lackawanna and Lehigh Valley, respectively, and the remainder of this article will be devoted to a discussion of their relative merits.

Why a Switch from Del., Lackawanna & Western Into Delaware & Hudson Seems Desirable

THE Delaware, Lackawanna & Western, although primarily an anthracite road, has other important sources of revenue. Its lines extend as far west as Buffalo and form a part of a trunk-line route. Its revenue from the transportation of freight other than coal exceeds that derived from the latter commodity. Its dependence upon this single item is less complete than in the case of the other hard-coal roads. Its enormous passenger traffic also furnishes an important source of income, whereas on the Delaware & Hudson this branch of the service is relatively insignificant.

The Lackawanna has proven one of the most profitable roads in the country. From 1905 to 1920, inclusive, it paid $10 per share on its $50 par value stock. In addition, it made an extra cash disbursement of 50% and an extra stock dividend of 15% in 1909. In 1921, its coal properties were segregated and its stockholders given the right to subscribe at $5 per share to stock in the Glen Alden Coal Co. The latter is now selling at 78. In the same year the railroad company paid a stock dividend of 100%, thus doubling the number of shares outstanding. It is now paying $6 per share on this increased capitalization.

At its present price of 118, D. L. & W. is extremely high for a $6 stock. The yield is just a shade over 5%. The level at which it is selling indicates that the market anticipates an increased distribu-

tion of some sort. Otherwise the price is entirely unwarranted.

What then are the possibilities for a higher rate in the near future? In 1922, in spite of the coal strike, the company had net income equal to $6 a share. Its gross revenues declined over 11 millions and its net operating income more than 6 millions compared with the preceding year. Part of this reduction in operating income was made up by a payment of 4.7 millions received from the United States Government in settlement of claims growing out of the Federal control period. The net income shown was, therefore, partly fictitious. On the basis of results for the first nine months of 1923, the road will earn about $6 per share.

These figures do not provide much encouragement for the opinion that any upward revision of the regular dividend rate is in prospect. Prior to the 100% stock dividend in 1921, the company's capitalization was so small that the payment of a high rate did not require a large sum of money. Now with twice the number of shares outstanding and no longer in possession of its coal properties, it would seem very improbable that the old rate of $10 per share could be restored. **As long as present high operating costs continue the company would have difficulty in supporting its dividend.**

Delaware & Hudson

Delaware & Hudson has not paid out extra dividends, but has maintained a 9% rate uninterruptedly since 1907. There was grave doubt earlier in the year whether this rate would be continued in view of the company's slow recovery from the effects of the coal strike followed by that of the railway shopmen. The doubts proved without foundation, and the dividend no longer appears in jeopardy. It was paid entirely out of surplus in 1922, but is being covered with a small margin to spare this year.

Its fixed charges are considerably higher in relation to earning power than is true of the Lackawanna, but it remains in possession of its coal properties from which it obtains a substantial income. Its stock has not been increased, and in the absence of further strikes, there is no reason why the dividend requirements cannot be fully covered. In former years, earnings fluctuated within a very narrow range.

In view of this outlook Delaware & Hudson, paying 9% and selling at 110, seems more attractive than Delaware, Lackawanna & Western, which is 8 points higher. The annual income on the investment is half again as large and the dividend appears as well secured. Because of the similar traffic conditions under which the two roads operate, any factor which would seriously affect one would also prove detrimental to the other. There is nothing in their comparative earning position to justify the difference in yield.

Comparing the Merits of Reading and Lehigh Valley

BOTH the Reading and the Lehigh Valley have been ordered by the Courts to relinquish control of their coal properties. The suits of the United States Government against the two companies have been in the process of settlement for many years. The Reading segregation plan has been definitely approved and that which the Lehigh Valley is to follow only awaits the signing of the final decree by Judge Hand.

The Reading Plan

The Reading plan provides for the redistribution of the funded debt of the Reading Company, the present holding company, and its disposal of the interest which it now owns in the Reading Coal Company and the Reading Iron Company. The capitalization of the Reading Company includes 1,400,000 shares of First and Second Preferred and an equal number of shares of Common. The Coal Company is to issue 1,400,000 shares which will be sold at $4 per share to stockholders of the Reading Company. Each stockholder, preferred and common alike, will be entitled to subscribe to the extent of 50% of this present holdings.

Reading rights are currently selling at 23 on the New York Curb, so that Reading common at 79, less than quotation for the rights, actually costs 57. The dividend rate has been 8% on a $50 par value since 1913. Income has exceeded the requirements in every year. A portion of these earnings have been derived from the coal and iron properties which the Reading Company will lose upon the dissolution. Due to the fact that it will receive from these subsidiaries about $24,000,000 in cash as a result of the segregation, and will also be relieved of its liability on $31,500,000 General Mortgage bonds, its income will not be impaired by the new arrangement.

Earnings of Phila. & Reading R. R.

In the future, the balance applicable to Reading stock will come almost entirely from the operations of the Philadelphia and Reading Railroad. The Reading Company and its railroad subsidiary are to be merged. In 1922, this road earned a net income of 8 millions in spite of unfavorable condtions. This year its earnings have been phenomenal. For the first nine months, net operating income amounted to 20.4 millions in comparison to 6.7 millions last year. Gross revenues are running at the highest rate in the company's history, and operating expenses are being successfully held down. For the period ending September 30, they were only 69% of gross operating revenues. In these days of high costs few roads are able to display such a low ratio. Income available for Reading Common should equal about $10 per share this year. **At 57, the yield is 7%, and the substantial margin of safety makes it a desirable purchase at this figure.**

Lehigh Valley

The plan for the separation of the Lehigh Valley R. R. Co., from the Lehigh Coal Company, is not as complicated as the Reading plan for the reason that there is no funded debt to readjust. The Coal Company is to sell at $1 per share, 1,212,000 shares of its stock to the Railroad Company stockholders, on the basis of one share for each share now held. These rights are not yet quoted on the market, and so it is impossible to say just where they will sell. On the basis of the Coal Company's past earnings, they are worth about $20. This would reduce the price of Lehigh Valley to 42.

Like Reading, it has a par value of $50, but pays only $3.50 per share. The road incurred a deficit after fixed charges of 2 millions last year, and after dividends this reached 6.2 millions. In 1923, its recovery has been extremely disappointing. Gross revenues are naturally in advance of last year, but have not increased in the same proportion as those of the Philadelphia & Reading. Operating expenses have risen to such an extent that the increase in revenue has been largely nullified.

For the first three quarters of the year (*Please turn to page 265*)

COMPARING THE MERITS OF STOCKS OF FOUR ANTHRACITE ROADS

Operating Results. Period Ending Sept. 30, 1923
(In Thousands)

	D. & H.	D. L. & W.	Phila. & Read.	Lehigh Valley
Gross Revenues	$26,459	$53,770	$55,691	$45,833
% Inc. over 1922	33%	21%	44%	23%
% of Gross Spent on Maintenance	36%	34%	30%	44%
On Transportation	41%	42%	37%	43%
Net Operating Inc.	$4,935	$9,427	$20,434	$2,779
Estimated Income, per share	$10.50	$6.00	$10.00	$1.10

October Railroad Earnings at Peak

Seasonal Increase in Volume of Traffic—Transcontinentals Have Profitable Month

By ARTHUR J. NEUMARK

THERE was a rather substantial gain in car loadings in October, compared with the previous month, especially in loadings of live stock, coal, merchandise, less than car-load lots, and miscellaneous products. The roads which showed the largest increase in gross and net were the transcontinental, Southern and anthracite coalers. The first group benefited materially by a substantial increase in volume of copper business.

The outstanding features of the October railroad reports were a $3,800,000 increase in gross and a $2,000,000 increase in the net of Atchison as compared with the previous month; a $2,800,000 increase in gross and $1,700,000 increase in net of Union Pacific; a $2,400,000 increase in gross and a $1,800,000 increase in net of Great Northern; a $2,200,000 and a $1,000,000 increase in gross and net, respectively, of Lehigh Valley, and a $500,000 in gross and $224,000 increase in net of St. Louis Southwestern.

November Loadings

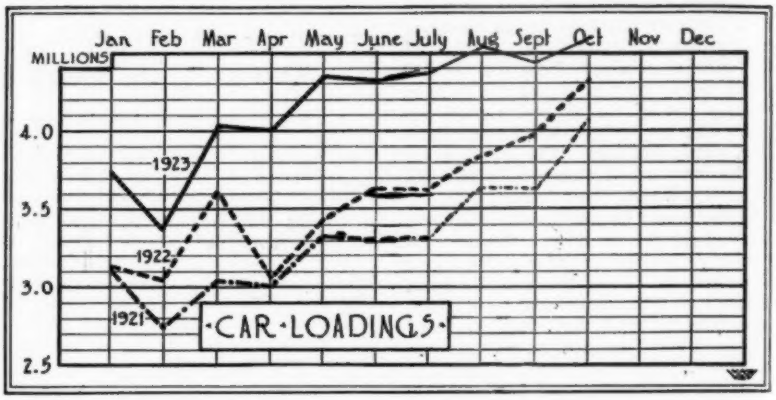
Car loadings for the first two and a half weeks of November reflected the seasonal falling off in traffic following the peak traffic of October. For the weeks ended November 3rd and 10th loadings were still in excess of the million mark, but in the week ended November 17th loadings declined slightly below the million mark for the first time since the week ended September 8th. This, however, represents a very negligible decline and indications are that volume of traffic for the entire month will compare favorably with that of previous months.

Recent increased activity in basic industries and increasing seasonal volume of retail and mail-order sales augur well for railroad traffic for the balance of the year. Condition of railroad equipment is good on the whole, and there is little doubt but that the Class 1 carriers will be in better condition at the close of the current year than they have been in years.

CLASS 1 ROADS
(000 omitted)

	Net Oper. Income	*Month's Normal Earnings to Give a 5.75% Return
July, 1922	69,239	99,200
August	52,570	109,400
September	58,457	121,000
October	85,255	132,000
November	105,000	109,000
December	95,000	92,300
January, 1923	60,874	70,600
February	38,800	56,000
March	83,568	89,700
April	83,201	75,100
May	89,999	82,900
June	87,624	95,400
July	84,615	99,700
August	98,400	114,400
September	92,238	118,800
October	102,500	123,200

* Estimated.



ESTIMATED ANNUAL EARNINGS OF RAILROADS BASED ON FIRST TEN MONTHS OF 1923

The following table is compiled on the actual average of the first ten months' net income to the total traffic year for the past ten years for each individual railroad, allowing for seasonal variations of traffic.

Road	Net Operating Deficit	% Charges Earned	$ Per Share on Preferred	$ Per Share on Common
Atchison	....	....	....	$15.00
Atlantic Coast Line	....	....	....	20.00
Baltimore & Ohio	....	....	....	15.60
Canadian Pacific	....	....	....	11.45
Central R. R. of N. J	....	....	....	7.00
Chesapeake & Ohio	....	....	....	15.60
Chicago & Alton	....	....	....	.50
Chicago & Eastern Illinois	....	....	....	.40
Chicago, Mil. & St. Paul	....	92	....	.....
Chicago & Northwestern	....	....	....	3.00
*Chicago, R. I. & Pacific	....	....	....	2.00
*Colorado & Southern	....	....	[7]4.00	.....
Delaware & Hudson	....	....	....	12.00
Delaware, Lackawanna & West.	....	....	....	6.70
Erie	....	....	....	4.70
Great Northern	....	....	6.70	.....
Gulf, Mobile & Northern	....	....	....	2.00
*Illinois Central	....	....	....	12.35
*Kansas City Southern	....	....	....	5.30
Lehigh Valley	....	....	....	2.60
Louisville & Nashville	....	....	....	[6]12.15
Minn., St. Paul & St. Ste Marie	....	....	....	3.15
Missouri, Kansas & Texas	....	....	6.00	.....
Missouri Pacific	....	88	....	.....
New York Central	....	....	....	15.00
N. Y., Chicago & St. Louis	....	....	....	9.50
N. Y., N. H. & Hartford	....	63	....	.....
Norfolk & Western	....	....	....	11.25
Northern Pacific	....	....	....	5.10
Pennsylvania	....	....	....	[1]4.10
Pere Marquette	....	....	....	7.10
Reading	....	....	....	[5]10.70
St. Louis-San Francisco	....	....	....	5.00
St. Louis Southwestern	....	....	....	14.70
Seaboard Air Line	....	....	....	.25
*Southern Pacific	....	....	....	[3]11.75
Southern Railway	....	....	....	10.15
*Texas & Pacific	....	....	....	4.15
Union Pacific	....	....	....	14.00
Wabash	....	....	....	[4]3.70
Western Maryland	....	....	[2]2.00	.....
*Western Pacific	....	....	....	4.90

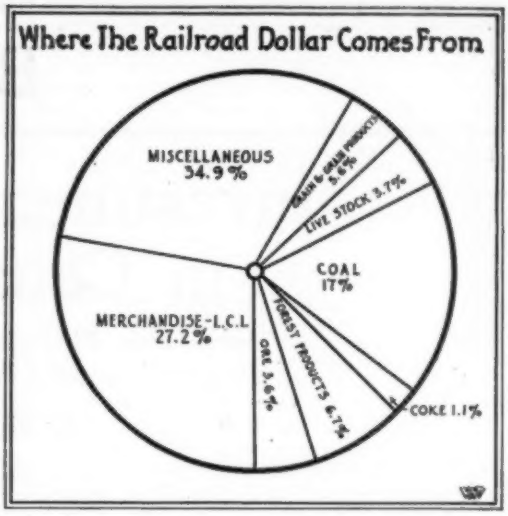
[1] $50 par value. [2] On the 4% second preferred. [3] Without oil income and after capital adjustments. [4] Assuming that all of the outstanding preferred B is converted equally into preferred A and common stocks. [5] This includes total earnings of Philadelphia & Reading Rwy., all of whose stock is owned by Reading. [6] On the basis of the increased capital stock outstanding. [7] On the 6% preferred. [8] On the 4% 2nd preferred.

* On the basis of first nine months' earnings.

Record Railroad Achievements of 1923

Brilliant Success of Railroads in Meeting Unusual Problems—How a Record Freight Tonnage Has Been Handled

By MARTIN GOLDEN



AT a recent meeting of the American Railway Association it was disclosed that the railroads of the country had made no less than eight separate records in efficient operation and management by November 1, 1923. This showing is all the more remarkable when one considers under what auspices the year began.

The railroads were still suffering from the double shock of the coal miners' and the shopmen's strike, an abnormal volume of coal was moving in the feverish attempt to make up for the deficiencies of the early winter, while the roads' equipment was abnormally under standard because of the amount of bad-order cars and locomotives that had accumulated during the shopmen's strike. The future outlook of business was none too hopeful, and many were prophesying another poor business year.

By April, however, the signs of prosperity had become unmistakable, and business was setting up some records of its own, in steel production, iron output, and the like. Then came the historic announcement by the railroad executives of their intention of spending three billion dollars in an effort to bring the railroad equipment of the country up to its demands.

All this time new equipment kept pouring in, new freight cars, passenger cars, locomotives, all bigger and stronger than the old equipment which they replaced. At the same time, the roads were conducting a gigantic educational and cooperative campaign among shippers to help make each freight car travel as many miles with as big a load each day as possible, in the struggle to cut down operating costs.

The Eight New Records

By this time, the fruit of these efforts has begun to ripen, and the railroads can point to the following achievements, the figures having been brought down to date where possible:

1) From January 1 to November 1 of this year the record number of 155,872 freight cars and 3,371 locomotives has been put into service. What this figure means will be understood when it is stated that from 1913 to 1922, the average number of new cars put into service was 101,009 and the average number of new locomotives 1,960. And it must not be forgotten that the freight cars turned out this year have a bigger capacity and the locomotives of the 1923 vintage more pulling power than those of 1913.

2) The efficiency of the repair shops has been brought up to a record point. On October 1, the number of freight cars needing serious repairs was only 5.4% of the total, and the number of locomotives needing serious repairs was the lowest on record, 13.7%, where 25% and more has not been considered unusual.

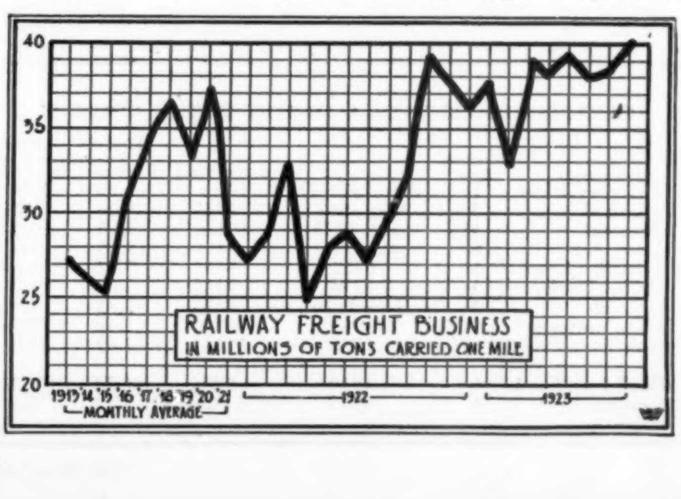
3) The amount of freight handled by the railroads this year has broken all previous records, as indicated by the monthly figures of tonnage moved one mile in the accompanying chart. Figured differently, the number of cars carrying revenue-paying freight loaded from the beginning of the year to October 20 was 40½ millions, 18% more than in 1922 and 10% more than in the previous record year, 1920.

4) Not only was a record number of cars loaded, but each car was used with a record efficiency, measured by the number of miles it traveled on the average per day, without being laid up for repairs or hung up on sidings. This average reached 29.2 miles a day in September, which compares with 22.5 miles for the first nine months of last year, and constitutes a new record.

5) Not only did the average freight car move a greater distance per day than it ever had before, but it was more heavily loaded than ever before. For the first eight months of this year, the average car carried 511 tons per mile each day. Last year the average car carried 388 tons a mile a day, the improvement registered this year amounting to over 31%.

6) Another record was made by eliminating the car shortage which had been the regular thing for business men to expect during the fall, if business happened to be good while the crop-moving season was on. It is true that the movement of crops has been spread out more this year than in past years, but the fact remains that there was a record surplusage of box cars this fall in the grain-growing states.

7) While current, day-to-day traffic was being handled with this record efficiency this year, record provision was being made for the needs of winter, when large quantities of coal have to be hauled in a hurry and traffic conditions are apt to be bad. In the first eight months of the year, over 23¼ million tons of coal were hauled to Lake Erie ports to be reshipped by boat to the Northwest. The more coal that is shipped there before winter, the less will be required later in the year, and the more equipment will be released for coal traffic in other sections. This tonnage is a new record figure.



8) Finally, the railroads themselves have anticipated their own future coal needs to a record extent. On October 1, the amount of coal that they had put away in storage in stock piles amounted to over 15½ million tons. Every ton of this amount above normal storage requirements represents that much equipment free for other uses at the time it is most needed.

Bonds

Investment Opportunities in Canadian Bonds

Remarkable Financial Strength of Canada—Precautions for Investors in Municipal and Provincial Bonds

By GREGORY MARSTON

ONE of the first things the American traveler says on reaching Canada is, "Why, this is just like home!" He sees Ford cars, Arrow collars, baseball teams, Woolworth stores, and the impression grows on him that the boundary line between the United States and Canada is, after all, an artificial one. Longer acquaintance, of course, reveals many great differences between Canadian and American business life, but the first impression sticks, and in the main it is correct.

Canada today is simply a United States with a much smaller population and not quite so thoroughly industrialized. Like the United States of the second generation after the Civil War, it is being actively developed, railroads have opened up huge agricultural areas, great mineral resources are known to exist, the country is borrowing heavily abroad, although mainly financing itself from its own resources, and industry is growing rapidly.

The Main Industries

At the present time about half of the population lives in the country, half in the cities. The main industries are agriculture and manufacturing, about 57 million acres being under cultivation, and producing a wide variety of products, including wheat, oats, corn, tobacco, sugar beets, etc.

Some figures may give an idea of the growth of Canadian industry during the lifetime of the present generation. As late as 1900, the total amount of capital invested in Canadian industry was something less than 447 million dollars; five years later it had nearly doubled, to 846 millions, ten years later, in 1915, it had more than doubled, at 1,994 millions; and at the end of the war period, in 1920, the total capital invested in manufacture amounted to 3,443 millions.

For the investor it is interesting to note that about 58% of this capital was supplied from Canadian sources, about 31% from American, 10% from British, and 1% from all other sources. Many American corporations do business in Canada, where they are required by law to organize Canadian subsidiaries distinguished by "— Co. of Canada, Ltd.," like the Ford Motor Co. of Canada, Ltd.

The war tested the soundness of this development. Up to then there had been very few years in which Canada had not been able to balance its budget or show a surplus, in spite of a policy of generous assistance to growing industries, which at times imposed heavy financial burdens on the government.

The effects of the war on Canada's budget can be seen from the accompanying table. The government was able to increase its receipts sufficiently to more than cover its ordinary expenditures, and go a little way toward meeting the special expenditures required for the prosecution of the war. The difference was met by an increase of nearly 200% in the net national debt, that is, the gross debt after deducting sinking funds applicable to it.

The latest figures are for the seven months of the fiscal year 1923-24, beginning April 1, 1923. They show revenues of 247 million dollars and expenditures on ordinary account of 155 millions, compared with revenues of 264 millions and expenditures of 157 millions for the corresponding period last year. This indicates how well the government has the fiscal situation in hand.

Last year's large special expenditures were largely due to advances of 92 million dollars to the railroads, in connection with the winding up of the complicated railroad situation left over as one of the heritages of the war.

Canada's Business Situation Good

Without burdening the reader with a mass of statistics, the present business situation in Canada can be described as very good. Banking deflation has been proceeding steadily all year—loans are being reduced, and note circulation cut down except for a slight rise in September. Partly as a result of these conservative policies, the price level in Canada today, about 148% of pre war, is lower in comparison with pre-war prices than that of any other large country which participated in the war, not excluding the United States.

Industry has been prospering, however, iron and steel production are increasing, and receipts of cattle at Toronto and

CANADIAN BONDS WITH A MARKET IN THIS COUNTRY

Issuing Body	Description	Coupon Rate	Maturity	Recent Price	Yield on Recent Price	Amount Issued (In Millions)	Currency in Which Payable
Dom. of Canada.....	Pub. Serv. Loan	5	Apr. 1926-31	100	5.00	50.0	U. S. gold coin
Dom. of Canada.....	External	5	May 1952	99½	5.04	90.2	U. S. gold or Canad'n fds.
Dom. of Canada.....	External	5½	Aug. 1929	101¼	5.25	60.0	U. S. gold
British Columbia	Loan Act	5	1939	94¼	5.55	3.0	U. S. gold or Canada
Prov. of Ontario.....	Canadian Loan	5	1952	96¾	5.22	15.0	U. S. or Canada
City of Montreal.....	Public Works	5	1954	95¾	5.28	13.0	U. S. or Canada
City of Quebec......	General	5	June 1926	98½	5.73	1.9	U. S. or Canadian funds
Laurentide Power Co..	First Mortgage	5	1946	93¼	5.52	7.5	U. S. gold
Canadian North. Ry...	Sink. Fund Deb.	6½	1946	111½	5.62	25.0	U. S. gold
Abitibi Power & Paper Co., Ltd.	Gen'l Sink. Fund	6	1940	92¾	6.72	3.8	U. S. gold
Prov. of Quebec.....	Provincial	6	1930	101½ (Can. $)	5.72	2.5	Canadian funds

Winnipeg are higher than they have been for years. The percentage of unemployment has been showing a practically unbroken decline since the beginning of the year, and is now down to about 2%. At the same time the number and liabilities of business failures have been decreasing since January, and the gross earnings of railroads have been maintained at a steady high level.

The balance of trade, which was unfavorable until June of this year, has turned in favor of Canada each month since then, partly aided, of course, by the onset of the crop-moving season. Heavy increases in the exports of lumber, timber and woodpulp, largely to the United States, have offset increased importation of coal, raw cotton and machinery, the kind of imports which indicate an improving business situation.

American Interest in Canadian Issues

In view of all the above, it is not surprising that there are about 150 to 200 Canadian securities commanding a more or less active interest among American investors. Our selections include three issues of the Dominion of Canada, three provincial issues, two municipals, one railroad, one public utility and one industrial bond.

In all but one of these, principal and interest are payable in United States gold coin or its equivalent, although some of them permit payments to be made in Canadian funds if the investor so desires. The risk of exchange depreciation is thus eliminated, except for the one Province of Quebec issue which has been chosen simply as an illustration. Prospective investors in Canadian issues would do well to make sure that interest and principal are payable in U. S. dollars, or, what amounts to the same thing, in sterling at the rate of $4.86.

The question of taxation also enters into determining the advisability of any given Canadian bond for the American investor. If the bond is subject to double taxation, Canadian and American, this should be allowed for in determining the yield. As this factor is of different importance for different income classes, and, as the whole question of American taxation may soon undergo a radical revision, it has not been touched upon in the table.

It will be seen that most of these Canadian issues yield more than would American issues of similar grade. They are especially suited for the small investor, to whom tax exemption is not a serious consideration, who wants an investment of a very high degree of safety yielding 5% or somewhat more, as against 4½% or under obtainable from American tax-exempt issues.

The bonds of the Dominion of Canada are an excellent investment for this type of investor, and in some cases are available in denominations as low as $50. For large investors their high coupon rate diminishes their desirability, as it makes it profitable for the Dominion to redeem or refund them should they rise much above par in a general declining movement of interest rates. For the small investor, however, interested principally in current return rather than in the long swings of the bond market, they form a good medium for the first few years of an investment career.

Provincial Bonds Demand Caution

Somewhat more caution, perhaps, should be shown in the choice of provincial bonds, which correspond roughly, of course, to our State bonds. Among the "prairie provinces," Alberta and Saskatchewan have had defaults, in the past, on some small municipal issues, as well as obligations of minor school districts. This has been the universal experience of pioneer settlements, however, and the United States itself has not been exempted from it; in fact, the proportion of defaults to total borrowings in the case of Canada is probably under that of the United States. At the present time there are only a few municipal issues which are still in default.

In view of the past, however, the provincial and municipal bonds included in the accompanying list have been chosen from districts of variegated economic interests, not dependent on a few crops, and with a perfect investment record behind them.

The Province of Quebec issue is to be sharply distinguished from either the City of Quebec or any of the other provincial issues. It is quoted in Canadian dollars, not in American ones, and the Canadian dollar being at the present time at a discount of roughly 2%, a quotation of 101⅓ in Canada means an American price around 99⅓. In this type of issue there is the possibility of both an exchange risk and an exchange profit of a few points, which is not true of any of the others in this table. For those investors who would like to accept the rather mild speculative risk involved in such a commitment, it would seem quite reasonable to expect that with the steady recovery of Canadian business the exchange rate would once more rise to par, if not actually above, as was the case for some time last year.

Some of the railroad bonds of Canada are guaranteed by the Dominion or by one or more of the provinces, sometimes by both. The Canadian Northern issue selected in the accompanying list is a direct obligation of the company, which has not earned its fixed charges for many years; what is more important, however, they are guaranteed as to principal and interest by the Canadian Government, and are, therefore, in the same class as any other Canadian Government obligation, which explains why they are selling to yield 5.62%.

The public utility and the industrial bond have been chosen simply as illustrations of typical Canadian non-governmental investments. By far the largest part of the money invested by Americans in Canada has gone into corporate issues. Taking the Dominion debt alone, 77% is payable in Canada, 14% in London, and only 9% in New York.

Conclusion

This indicates that the larger part of the American investment in Canada has gone directly into building up the country through corporate enterprise. In view of the well-known hesitation of the American investor about putting his money into foreign countries, this is a significant testimonial to the confidence which has been placed in this country in Canadian business.

Some of the possibilities for more conservative investment in Canada, however, appear to have been somewhat overlooked in this country, particularly among government, provincial and municipal bonds, otherwise they would scarcely be selling to yield ½ to ⅔ of 1% more than corresponding American issues, and, therefore, they constitute real investment opportunities at the present time.

CANADA'S SEVEN-YEAR FISCAL RECORD

(In millions of Canadian dollars)

	†1916-17	1917-18	1918-19	1919-20	1920-21	1921-22	1922-23
Receipts	232.7	260.8	312.9	349.7	434.4	381.9	393.6
Expenditures:							
Ordinary	148.6	178.3	232.7	303.8	361.1	347.6	331.8
Extraordinary	322.7	255.2	439.3	346.9	17.5	1.8	122.0
Deficit	238.7	272.7	359.1	321.0	....	....	....
Surplus	....	....	....	....	55.8	42.6	60.7
Net Debt	879.2	1,191.9	1,574.5	2,248.9	2,340.9	2,422.1	2,420.0*

* As of Jan. 31, 1923. † Fiscal year ends March 31.

BOND BUYERS' GUIDE

HIGH GRADE
(For Income Only)

Non-Callable Bonds:	Apx. Price	Apx. Yield	§Int. earned on entire funded debt
Baltimore & Ohio, 4s, 1948....(b)....	80	5.50	1.35
Canadian Northern Debenture 6½s, 1946....(a)....	111¼	5.60	*
Delaware & Hudson 7s, 1930....(b)....	106½	5.80	3.10
Great Northern Genl. 7s, 1936....(c)....	106¾	6.20	3.75
New York Central Rfd. and Imp. 5s, 2013....(c)....	‡95	5.30	1.65
Western Union Telegraph Co. 6½s, 1936....(a)....	109½	5.60	e 3.00
New York Edison Co. 6½s, 1941....(b)....	‡109½	5.60	3.30
Bush Terminal Buildings 5s, 1960....(a)....	92	5.60	1.85
Callable Bonds:			
Armour & Co. of Del. 1st 5½s, 1943....(c)....	87¾	6.65	5.06
Armour & Co. Real Estate 4½s, 1939....(a)....	84¾	6.00	....
Canadian General Electric deb. 6s, 1942....(a)....	103	5.75	4.40
Duquesne Light Co. 6s, 1949....(b)....	104	5.70	3.40
Philadelphia Company 6s, 1944....(c)....	99½	6.00	3.50
Short-Term Bonds:			
B. & O., P. J. & M. 3½s, 1925....(b)....	95	6.20	1.35
B. & O., Southwest Div. 1st mtg. 3½s, 1925....(b)....	96	6.25	1.35
Seaboard & Roanoke 1st 5s, 1926....(a)....	97¼	6.25	....
Southern Pacific conv. 4s, 1929....(a)....	93	5.45	2.40
Union Pacific conv. 4s, 1927....(b)....	98	5.20	3.10
Dominion of Canada Internal 5½s, 1927....(d)....	100¾	5.30	....
Bell Telephone Company of Canada 5s, 1925....(b)....	98	6.25	2.75
Aluminum Company of America 7s, 1925....(a)....	102½	5.60	....
Columbia Gas & Electric Co. 1st 5s, 1927....(b)....	96¾	6.20	6.90
Fisher Body Corp. 6s, 1926....(a)....	99	6.40	e 6.30

MIDDLE GRADE
(For Income and Profit)

Railroads:	Apx. Price	Apx. Yield	§Int. earned on entire funded debt
Carolina, Clinchfield & Ohio 1st 5s, 1938....(c)....	92	5.80	1.45
Chesapeake & Ohio conv. 5s, 1946....(b)....	89	5.90	1.55
Cuba R. R. 1st 5s, 1952....(a)....	83	6.30	2.45
Chicago & Eastern Illinois Gen. 5s, 1951....(c)....	77½	6.55	f 1.15
Erie & Jersey 1st 6s, 1955....(a)....	90	6.50	1.31
Kansas City Southern Rfd. and Imp. 5s, 1950....(a)....	85½	6.15	1.90
Missouri, Kansas & Texas Prior Lien 5s, 1962....(c)....	78	6.60	1.10
Minneapolis, St. Paul & Sault Ste. Marie 6½s, 1931....(a)....	101½	6.25	1.50
N. O. & N. E. Rfd. and Imp. 4½s, 1952....(a)....	80	6.00	2.70
St. L. & S. F. Prior Lien 4s, 1950....(c)....	66½	6.75	1.10
Western Pacific 1st 5s, 1946....(c)....	79¼	6.85	2.30
Industrials:			
Anaconda Copper Mining Co. 1st 6s, 1953....(b)....	96	6.25	g 1.25
Bethlehem Steel Co. 5s, 1936....(a)....	88½	6.35	2.50
Computing Tabulating & Recording 6s, 1941....(b)....	99	6.10	5.50
Goodyear Tire & Rubber Co. 8s, 1941....(c)....	114½	6.55	5.80
B. F. Goodrich 1st 6½s, 1947....(b)....	97¾	6.70	2.70
Hershey Chocolate Co. 6s, 1942....(b)....	99	6.10	2.50
South Porto Rico 1st Mtg. and Col. 7s, 1941....(b)....	101	6.90	2.20
Union Bag & Paper Co. 6s, 1942....(b)....	95½	6.40	dd 4.00
U. S. Rubber 5s, 1947....(c)....	84	6.30	4.00
Wilson & Co. 1st 6s, 1941....(a)....	94½	6.50	1.35
Public Utilities:			
Amer. Water Works & Elect. Corp. Col. 5s, 1934....(c)....	84½	7.10	1.80
Dominion Power & Transmission 1st 5s, 1932....(a)....	89	6.60	2.10
Denver Gas & Elec. 1st and Rfd. 5s, 1951....(c)....	85½	6.10	e 4.70
Havana Elec. Ry. Light & Power 5s, 1954....(a)....	82½	6.30	5.00
Manhattan Railway Cons. 4s, 1990....(a)....	57	7.00	g 0.80
Pacific Gas & Elec. Genl. and Rfd. 5s, 1942....(a)....	90½	5.90	2.05
Public Service Corporation of N. J. 5s, 1959....(a)....	80	6.40	1.75
Utah Power & Light 5s, 1944....(a)....	88	6.00	1.60
United Fuel Gas 6s, 1936....(b)....	94	6.65	5.85
Virginia Railway & Power 5s, 1934....(a)....	88	6.60	1.90

SPECULATIVE
(For Income and Profit)

Railroads:	Apx. Price	Apx. Yield	§Int. earned on entire funded debt
Chicago Great Western 1st 4s, 1959....(a)....	48¾	8.70	0.85
Erie Genl. Lien 4s, 1996....(b)....	54	7.50	1.31
Chicago, Milwaukee & St. Paul conv. 5s, 2014....(c)....	55	9.10	1.02
Iowa Central 1st Mtg. 5s, 1938....(a)....	68½	8.90	0.80
Minneapolis & St. Louis 1st cons. 5s, 1934....(a)....	70	9.40	....
Missouri, Kansas & Texas Adj. Mtg. 5s, 1967....(c)....	53¾	9.50	1.10
St. Louis & San Francisco Adj. Mtg. 6s, 1955....(c)....	73½	8.40	1.10
Rock Island, Ark. & Louisiana 1st 4½s, 1934....(c)....	74½	8.20	....
Seaboard Air Line 4s, 1950....(a)....	58¾	7.70	1.14
Western Maryland 1st Mtg. 4s, 1952....(a)....	59	7.50	1.20
Industrials:			
American Writing Paper Co 6s, 1939....(a)....	46½	15.00	1.30
Cuba Cane Sugar 7s, 1930....(c)....	89½	9.00	1.80
Empire Gas & Fuel 7½s, Series "A" 1937....(c)....	90	8.75	3.30
International Mercantile Marine 6s, 1941....(b)....	79½	8.20	3.25
Virginia-Carolina Chemical 7s, 1947....(c)....	85	8.50	1.20
Public Utilities:			
Chicago Railways 1st 5s, 1927....(a)....	74	14.70	1.08
Federal Light Traction 7s, 1953....(b)....	98	7.15	2.10
Interboro Rapid Transit 5s, 1966....(a)....	58	8.80	0.90
Third Avenue Railway Rfd. 4s, 1960....(b)....	52¼	8.10	i 1.35

* Principal and interest guaranteed by Dominion of Canada. † Callable in 1951. ‡ Callable in 1936. § This represents the number of times interest on the companies' entire outstanding funded debt was earned, based on earnings during the last five years. Includes government payments during period of government operations of railroads.

(a) Lowest denom., $1,000 (b) Lowest denom., $500. (c) Lowest denom., $100.
(dd) Average last two years. (d) Lowest denom., $50.

e Average last three years. f 1922. g Average last four years.
i Does not include interest on adjustment bonds.

BONDS

Speculative Issues Strong

INTEREST in the bond market during the past two weeks centered mainly in the activity and strength of the speculative issues. High-grade securities were quiet, but with a firm undertone. The agitation for reduction in taxes brought about by Secretary Mellon's demonstration that such a reduction was possible, had a favorable effect on investment sentiment, and any further indications of the adoption of his recommendations will undoubtedly be followed by higher prices.

In the middle grade division, the Erie & Jersey 6s moved up two points to 90. Subscribers, who were advised in the October 27th issue to exchange their Missouri Pacific 6s for this issue, now have a good profit in the exchange.

As previously stated, it was the speculative division that showed the greatest activity and strength. New highs were made by the Erie prior lien and general mortgage 4s, the latter selling at 54½, up 4 points. All the Seaboard Air Line issues also reached new highs, the largest advance being made by the adjustment mortgage 5s, which sold at 45⅜. The Seaboard 4s of 1950, the best secured issue, which we recommended for speculative investment in the Bond Buyers' Guide about a month ago, sold at 59¾, up 4¼ points from the 55½ level, at which they were selling when recommended.

St. Louis & San Francisco adjustment and income 6s showed substantial gains, as did the Missouri, Kansas & Texas adjustment 5s, while the Minneapolis & St. Louis consolidated mortgage 5s of 1934, continued their advance, with sales at above 70. On the other hand, the Chicago, Milwaukee & St. Paul bonds were inclined to sag, despite the good earning reports which are shown by the road, and indications that it will come within an eyelash of covering interest charges for the year. While highly speculative, in view of the good recovery of earning power, as well as encouraging outlook for its continuance, these bonds appear attractive as a speculation.

Public utilities showed little inclination to join the advance in quotations. However, transactions were light and changes were fractional. United Railways of St. Louis 4s at 63, however, were up 5 points. N. Y. City tractions were quiet.

There were numerous points of strength in the industrial section. Marland Oil 7½s, with warrants, soared to 119. Cuba Cane Sugar 7s sold at 90½, and the debenture 8s at 95⅞. Other sugar issues were also strong, especially Punta Allegre 7s and Eastern Cuba Sugar 7½s. The coppers were led by Cerro de Pasco 8s and Magma 7s, the former reaching a new high of 129, up 8, while the latter sold at 111½. Virginia-Carolina Chemical Company first 7s, also moved up to 85, while the 7½s, with warrants, sold at 70. A notable exception to the trend was the Central Leather 5s, due April 1, 1925, which were consistently pressed for sale to a new low of under 90, at which price they were selling on a 12½% basis.

School for Traders & Investors

Nineteenth Lesson

Some Essentials and Fallacies of Trading and Investing

"The whole proposition of learning to speculate or invest is like anything else in life—you must learn to creep before you walk. It is impossible to get anything without paying the price, and the price of success in speculation or investment is careful study, experience, thorough knowledge of securities and markets, and the methods of the men who make these markets."

ONE of our readers has expressed his belief that a man must be a good trader in order to be a good investor, and that if one does not have a fairly broad knowledge of trading he is not qualified to make a thoroughly satisfactory investment; and he asks us if we do not agree with him.

With the accent on the *good*, we certainly agree, for it is now generally understood that an experienced, thoroughly competent, up-to-date investor is not one who merely buys a security that will return interest on the money involved in its purchase, but who buys it *at the right time*.

According to the simple definition, one who buys a Liberty Bond may be called an investor, because he has purchased a sound security that will pay regular interest, and in due time return the principal, with as great a degree of safety as it is possible to secure. However, this same person might be attracted by certain industrial issues paying large dividends, and yielding high rates of interest on the invested capital, during a period of great industrial prosperity, only to learn, perhaps a few months later, that the stock market is no respecter of individual issues during a period of liquidation, regardless of asset values and dignified past records.

When Dividends Don't Matter

As the amateur is buying his stock with the attractive yield, it is probable that some experienced, and well-informed investor is selling the same issue, on the sound theory that it is *more profitable* to be *long of cash* near the end of a period of inflation, without any interest return, than to risk a *shrinkage in market value* which might amount to more than all the dividends he would receive on the issue in the following two or three years. During a period of liquidation such a shrinkage may take place within a few weeks. For illustration, it is only necessary to observe how many "well-recommended" dividend-paying industrials have suffered price declines since last March, equivalent to several years' dividends.

Surely, a shrewd investor, according to our modern definition, will buy his securities at approximately the right time. This means that he will purchase his favorite issues, not when they are almost sure to decline in market price, but during a period when they are relatively low, or in what may be called a "buying zone."

The experienced investor's ability to buy intrinsically sound but more widely-fluctuating issues when prices are relatively low, and sell out when prices are comparatively high, and then switch into sound short-term securities during a slump, or stay long of cash during such a decline, depends to a considerable extent on his knowledge of the *technical position* of the market in general, and of his favorite issues in particular. In this respect, he is playing the part of one who may be termed a "long-pull trader," and his apparent cleverness is simply a manifestation of his knowledge of the well-recognized principles of trading. The average trader applies these principles to the minor swings of the market whereas the shrewd investor applies the same principles in a broader way to the major cycle. **In fact, a thorough knowledge of the general principles of trading is essential to thoroughly successful investing.**

The uninitiated are prone to assume that this knowledge ot trading is easily acquired. Some think they understand trading as soon as they have become familiar with the general theory. The easiest way to correct this impression is to commence trading with real money. Then it becomes apparent that study, hard work, and knowledge are indispensable.

Nothing dispels the "get-rich-quick" fallacy so thoroughly from the mind of one who is full of theory and enthusiasm as to turn him loose with a margin account. The trader who has never been "under fire" can waste money in the stock market about as rapidly as a student in chemistry can waste expensive materials in the laboratory. Why? Because he has not had sufficient experience to be able to judge accurately the effects of the many forces that influence price movements, and least of all is he familiar with his own mental operations under actual trading conditions.

Apprenticeship Necessary

A trader must pass through a period of apprenticeship before he dare trust himself with too great a responsibility. He must fit himself by much preliminary study, and develop his judgment by careful experimentation. As a background for his operations he must acquire knowledge of monetary conditions, values, earnings, dividends, interest rates, business conditions, trade tendencies, and all other influences bearing directly or indi-

Only That Trader or Investor Succeeds Who is on Speaking Terms with the Fundamentals of Speculation or Investment

rectly on the future of prices together with such less tangible factors as the psychology of the market, and the effects of news and propaganda.

A man who hopes to succeed as a trader must eliminate the gambling idea entirely, and must search for intelligent reasons for all his deductions and forecasts of probable price trends. This should be apparent to anyone who is familiar with the mathematical theory of choice and chance. In any gambling game where there is *any percentage whatever* in favor of the game, *all* players must lose ultimately. This is not true of scientific speculation and trading, where there is a percentage in favor of any player who will take the time and trouble to learn the rules, which in this case involve general knowledge of business conditions, and a thorough understanding of technical factors.

The student who enters this field seriously will find it most interesting and fascinating, and responsive to thorough and scientific analysis. He will realize that the well grounded theories and discussions of men who examine and diagnose economic questions correctly are of great value, whereas the tips, guesses and ill-concieved opinions of Wall Street's army of semi-professional speculators and gamblers are confusing, inconsistent and demoralizing.

Fundamental knowledge of economics, and ability to properly interpret statistics, are as important to the active trader as to the investor. If he can correctly judge the *general* trend of future prices, he may regulate his commitments so as to operate safely *with* that trend instead of floundering around helplessly in a state of mental confusion and indecision, or possibly working directly against the current.

A trader or investor who has good reasons for expecting higher prices, and is accumulating his line of stocks during a period of depression, will not be disturbed by temporary reactions. Instead of being frightened out of his position through ignorance, false rumors, and propaganda which may be designed deliberately for the purpose of misdirecting his efforts, he will take advantage of such reactions to make his purchases, or mark down the cost of his holdings by repurchasing certain shares sold on a previous rally which he has good reason to believe could not be the main upward swing for which he is making ready. Knowledge of the chief economic influences and technical conditions, and confidence in one's own well-conceived plan of operation, is the very foundation of successful speculative ventures.

The novice cannot be warned too often of the futility of regarding the stock market as a place where he may get "something for nothing." This will o' the wisp is the prize fallacy of Wall Street. Making guesses and risking imaginary funds on "paper" trades may be an interesting indoor sport for some people, and it may offer a basis for the review and discussion of considerable alleged market sagacity, but putting up real money with your broker and risking it on actual transactions is the only way to demonstrate the true commercial value of your bag of tricks.

Two Sides to the Market

Let the paper-trading expert stand next to the ticker for a few days and see how quickly his theoretical profits will fade away. It's certain that the novice will buy, buy, buy, and never sell short. It's a cinch that he'll do most of his buying on the bulges, and thus get caught nine times out of ten. He can show you a chart of past history and explain how he would have bought at the bottom and

(*Continued on page 274*)

Intimate Talks With Readers

The Investment—Plus

For the Connoisseur

THE writer believes that an investigation of the possibilities of bank stocks, the investment-plus for the connoisseur, will prove highly desirable.

This writer approaches the subject with a certain degree of confidence at this time. He had the good fortune, as it happens, to bring up the subject with our editor some years ago at a time when bank stocks were in the doldrums (I believe it was in 1918): when they were comparatively unhonored and unsung except in the limited circle of connoisseurs—mostly bankers and very rich but wise people. Diffidently enough we approached the subject in our Magazine, as readers and subscribers will remember. The Magazine supported the idea wholeheartedly, and it was gratifying to note the generous profits culled as a result of its timely and (then) courageous pioneer policy.

Second Best Collateral in America

A point worthy of being stressed very strongly is the copper-rivetted "collateral" position enjoyed by bank stocks by the people most concerned with "collateral." Naturally we refer to our much needed good friends the bankers: and who can be a better friend in a crucial moment than your own banker? *But*—much as the banker would like to be kind and good (and so forth), he is not only the custodian for the stockholders but also the "goat" for depressions, and the anathema of the examiners when he is not strictly on the job. In a word, the average banker with all his desire to help his community, is strictly accountable to so many people and "interests," including the watchful eye of the Federal Reserve Banks, that his training is along the lines of resistance, the Missourian idea of being shown first, and the hard-boiled University where the word "No!" is a *sine qua non* on the curriculum.

"With it all," present a perfectly good Liberty Bond to any banker anywhere—even at 10 a. m. on Monday morning—and ask for an 80 or 90 per cent loan, and he is disarmed. If you haven't any Liberty Bonds, about the only welcome substitute is *not* a boxful of Cal. Pete. or General Asphalt, nor even U. S. Steel, as he can ask you for "mixed collateral," or "more rail collateral," or something you haven't got, and he doesn't expect you to have.

But present a few certificates, even one share lots, of a few choice *bank stocks,* especially the kind that sell in the hundreds of dollars per share, and you will notice a melting of the official sternness, a recognition (mentally of course) that you are not quite as foolish as you look, and an offer to loan you some money: perhaps not quite as much as you asked for, but still an offer to accept your bank stock as collateral in perfectly good standing.

Bankers Not Sentimental

The banker is not merely sentimental in thinking well of his own game, although it is the writer's experience, and the experience of several banker friends, that the bankers seem to have a tacit understanding among themselves that it is worth while helping their game along—and one cannot blame them because the merits are there.

We have suggested previously that bank stocks sell on their merit alone: no manipulation: no rigging: no false markets: no underwriting profits or commissions: no false or exaggerated statements: no hang-overs in the way of depreciated inventory that dared not be marked down for fear of insolvency: no huge "frozen assets": no wild speculation in commodities and inventory in times of hysteria: and no frenzied selling out in panic times.

These are just a few of the stable points connected with bank stocks that have appealed to men of wealth and judgment, who have not hesitated to pick up good bank stocks, even in small lots whenever available. It is hardly possible to buy, sell, or trade in bank stocks in large round lots (100 or more). The number of dealers is limited, and the floating supply is generally negligible. Conversely, despite their liquidity (of a kind), a modest investor is not justified in loading up with bank stocks if there is the least expectation of having to sell out in a hurry, as in such event it can well happen that on the day of need there might be few actual buyers in the market outside the brokers who trade for their own account: and sales under such conditions would result in 10 to 20 points or more spread between the bid and asked prices. But: even under such conditions, bank stocks would form perfectly good collateral for more than half their quoted price with any reasonable banker in the country having the interests of his community at heart, and in actual practice they make loans without demur at any time on them to customers ordinarily in good standing.

THE TREND IN LEADING INDUSTRIES

	SUPPLY OF BASIC ELEMENTS				COST OF PRODUCTION				DEMAND			OUTPUT		PRICES		PROFITS
	Labor	Raw Materials	Fuel	Transportation	Labor	Materials	Fuel	Transportation	Unfilled Orders	Stocks on Hand	Shipments	Raw Products	Finished Products	Raw Products	Finished Products	Of Leading Companies
STEEL	Adequate	Adequate	Adequate	Surplus cars	At high point	Declining	Declining	Stationary	Falling	Falling	Very large	Downward tendency	Downward tendency	Downward tendency	Mixed tendency	Somewhat lower
COAL	Adequate	Adequate	—	Surplus cars	At high point	Declining	—	Stationary	Falling	Increasing	Slight decline	Production curtailed	—	Downward tendency	—	Somewhat lower
BUILDING	Close balance of supply and demand	Adequate	Adequate	Surplus cars	Increasing	Mixed tendencies	At high point	Stationary	Better prospect for 1924	—	—	—	Increasing	—	Increasing	Fairly high
OIL	Adequate	Adequate	—	Ample facilities—pipe & tanker	Lower	Mixed tendencies	—	Stationary	Seasonal decline	At point high	Falling	Very high	Decreasing	Lower	Lower	Very poor
COPPER	Adequate	Adequate	Adequate	Surplus cars	Lower	Lower	Lower	Stationary	Probable increase	Rather low	Holding their own	Somewhat lower	Somewhat lower	Recently firm	Unchanged	Only low-cost Companies doing well
CHEMICALS	Adequate	Adequate	Adequate	Surplus cars	Unchanged	Mixed tendencies	Lower	Stationary	Slight increase	Rather low	Increasing	Increasing	Increasing	Firm	Advancing	About to increase
TEXTILES	Adequate	Short cotton; ample wool and silk	Adequate	Surplus cars	Unchanged	Increasing	Lower	Stationary	Very mixed	Fairly large	Unchanged	Smaller cotton crop	Probable small increase	Increasing	Increasing	Unsatisfactory, but should improve
AUTOMOBILES	Adequate	Adequate	Adequate	Surplus cars	Unchanged	Mixed conditions	Lower	Stationary	Very large	Not high	Very high	—	Increasing	—	Unchanged	Very satisfactory
TIRES	Adequate	Adequate	Adequate	Surplus cars	Unchanged	Mixed conditions	Lower	Stationary	Increasing	Fairly large	Increasing	Mixed	Unchanged	—	Unchanged	Moderately fair
LEATHER	Adequate	Adequate	Adequate	Surplus cars	Unchanged	Probably higher	Lower	Stationary	Lower	Fairly large	Unchanged	Fairly large	Fairly large	Slightly higher	Slightly lower	Poor
PAPER	Adequate	Adequate	Adequate	Surplus cars	Unchanged	Probably higher	Lower	Stationary	Increasing	Rather low	Increasing	Fairly large	Fairly large	Firm	Firm	Improving prospects
TOBACCO	Adequate	Adequate	Adequate	Surplus cars	Unchanged	Firm to increasing	Lower	Stationary	Increasing	Not excessive	Increasing	Fairly large	Fairly large	Firm	Firm	Good

Sixteen Thumbnail Analyses
~ of ~
INDVSTRIAL SECVRITIES

1—Pacific Mail S. S. Co.

Riding the Rough Seas of Shipping Depression

THE Pacific Mail Steamship Co, is one of the oldest corporations in the United States. Its organization dates back to 1848. It operates a coastwise service from the eastern to the western coast of the United States, a line to Panama and several services to the Far East. It owns 13 steamers of 49,776 gross tons total, and including tonnage operated but not owned, managed a total of 32 ships last year with a total deadweight tonnage of 224,932 tons. Its fleet carried a total of 860,451 tons of freight last year.

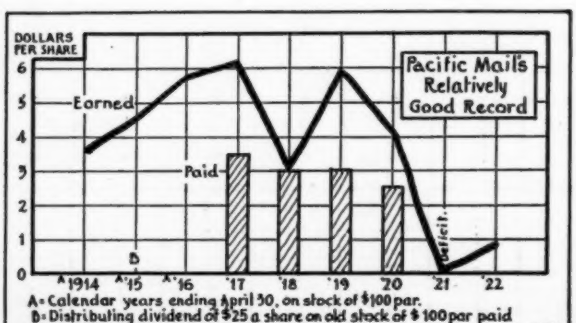
Its business has not been subject to the depressing influences which have cut into the transatlantic trade, and so, with the single exception of 1921, the company has been able to show something earned on the common in each of the last ten years.

The present capitalization consists of 1.5 millions of common stock of $5 par, with no senior issues whatever. No dividends have been distributed on it since the last semi-annual payment of 50 cents a share on December 15, 1920.

The financial position as of the end of last year was sound, current assets after deductions for doubtful accounts amounting to 1.6 millions against current liabilities of $849,000.

The company's earnings are believed to have been satisfactory this year, in view of the large volume of oil moving from the California oil fields near Los Angeles, and possibly also some of the emergency tonnage moving to Japan following the earthquake.

The stock is now selling around 9, not far from the highest point it has reached this year, and not much above the low of 1922. *The present price would seem to indicate the expectation of a considerable improvement in earnings.*



2—Union Bag & Paper Co.

In an Enviable Financial Position

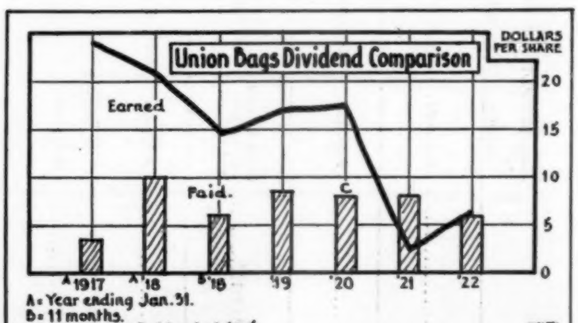
UNION BAG has profited greatly by the strong paper market which prevailed from the time of its organization until well into 1921, and its dividend policy was quite conservative, as indicated in the accompanying graph.

Following the declaration of a 50% stock dividend in 1920 and the issue of 6.5 millions of 6% first mortgage bonds in 1922, its capitalization consists of these bonds and very nearly 15 millions of capital stock of $100 par.

The present position of the company is very strong, as the demand for paper of the grades manufactured by it has been keen all year, except for the usual summer dullness. In anticipation of the unusually heavy buying which was forecasted for this fall, the company accumulated a record inventory of a billion bags and 5,000 tons of paper ready for manufacture into bags, or about twice the usual inventory. In view of the extensive competition in the trade, this action has put the company in a position to make quick deliveries on its regular lines, and has contributed to an increasing volume of sales. Prices have been raised 10%.

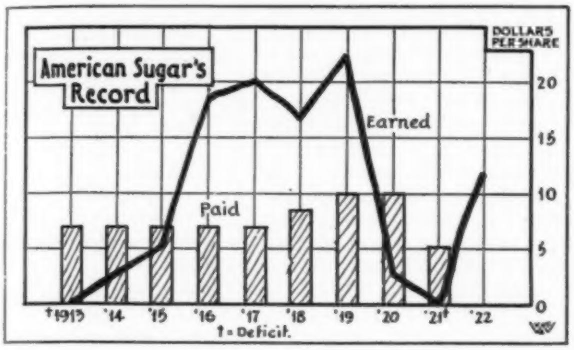
The financial position at the end of last year was excellent, current assets amounting to 5.6 millions, against $879,000 of current liabilities. Among the former, cash amounted to $509,000 and the receivables plus marketable investments to $986,000. Among the liabilities, accounts payable amounted to $473,000 and dividends payable to $219,000.

The current rate of dividends is $6 annually, which at the present price of 55 gives a yield of something like 11%. As earnings this year should be well above those of 1922, when over $6 a share was shown, the dividend seems reasonably sound. *The stock accordingly seems to be an attractive investment of the "business man's" type.*



3—American Sugar Refining Co.

How "Sugar's" Investment Status Has Changed



THIS company exists in its present form since 1891. It operates seven sugar refineries in the United States, out of a total of 22 for the entire country, and refines about one-quarter of all the sugar consumed in the United States. In addition to owning its own cooperage works, timber supplies, shipping, etc., it owns two sugar estates in Cuba, with centrals at Cunagua and Jeronu, of a capacity of 1,200,000 bags of sugar annually, about 93% of which they produced during the sugar campaign of this year.

The company, therefore, grows about one-tenth of its total requirements or raw sugar. The company also owns about 11 million dollars' worth (at par) of the securities of beet-sugar-producing companies. In addition, it sold this year its holdings of 4.8 millions of the preferred stock of the Great Western Sugar Co. and a 3½-million-dollar office building at 90 West Street, New York City.

The company's earnings have been good, but irregular, since organization. In common with most others, it suffered severely in 1920 through the sharp deflation of inventories which it was obliged to accumulate during the runaway sugar market of that year to maintain the continuity of its operations. It also had millions of dollars tied up in claims growing out of contract difficulties and cancellations resulting from the sharp price changes of that year. At the end of 1922 its contingent assets of this order totaled 10.4 millions, in addition to its ordinary accounts receivable.

Domestic refining operations are expected to take care of the interest on its funded debt this year, and profits from the operation of the two Cuban centrals is estimated to have more than covered preferred dividend requirements, but it is not possible to figure earnings on the common as yet.

The present price of about 60 *for the common is close to the low of the year, but in view of the probability that dividends will not be resumed on this issue for some time, it does not seem attractive for immediate purposes even now. The preferred at* 97½ *yields less than* 7.2%, *which is under the yields obtainable on many equally good preferred stocks of sound industrials.*

4—American Can Co.

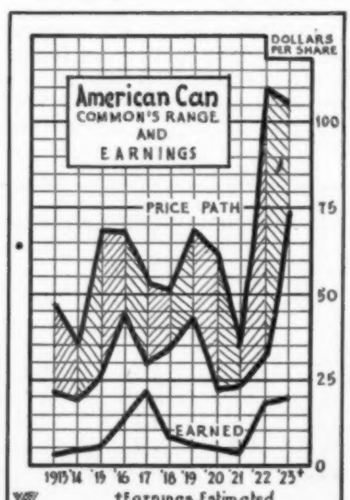
Am. Can Reaps Fruit of Sound Management

IS American Can common too high at 105? This price undoubtedly appears high in comparison with the low levels of 1922 and 1921, when the stock sold at 32¼ and 23½ respectively. On the basis of earning power and asset value, however, two factors, which are most important in determining the proper price level for a stock, par does not by any means appear to be an extravagant figure.

American Can first saw the light of day in 1901, and it was then a very sickly infant. Over 20 years of careful nourishment, however, has eliminated all the early weakness, and this corporation today compares favorably with the strongest industrial organizations in the country. In the ten years, 1913-1922, earnings have averaged $8.45 a share on the common stock, and as dividends were only initiated on the common in Nov. 1922, practically all of these earnings were plowed back into the property, adding $83 a share to the asset value of the common. As a matter of fact, this figure understates the real situation to a considerable degree, for surpluses reported were after deducting unusually liberal charges for depreciation. Including this year's earnings, it is a conservative assumption that American Can since 1913 has placed behind the common stock assets equivalent to its present market price.

The balance sheet clearly illustrates the company's progress. Working capital at the present time is in excess of 40 millions as against half this amount before the war. Fifteen millions of bonds issued in 1913, to pay off back dividends on the preferred, have been reduced to less than half this amount. This great improvement in the financial structure of the company has been accomplished despite the fact that in the past decade, plant facilities have been greatly expanded and new lines developed.

Earning power has kept pace with the growth of assets. In 1922, $18.30 a share was earned on the common and earnings this year are expected to make a still better showing. American Can's earnings are well stabilized. *For a 5% stock, a price of 105 looks high, but as earnings and financial condition justify a more liberal dividend policy the stock is not without possibilities for further appreciation in value.*



5—Computing-Tabulating-Recording Co.

Will Computing Pay Higher Dividends?

IN business 12 years, Computing-Tabulating-Recording, through four wholly-owned component companies, manufactures automatic weighing devices, computing scales, store fixtures, time recorders, time stamps, etc. The business extends throughout the United States into Canada, Europe, Africa and Australia, being completely international. In the last seven years sales more than doubled, and in the same time there has been large increase in capital stock outstanding, most of this increase being accomplished through the sale of additional stock to shareholders for cash. One indication of earning progress is found in the fact that stock was successfully offered at $50 a share in 1920 and just as successfully at $75 a share a 1923.

The dividend policy toward stockholders has been quite liberal and yet, in the period from 1916 through 1922, when total earnings upon share capitalization were about $80 a share, dividend disbursements were only $29 a share. The increase of $6 a share early in 1923 can by no means be considered radical, especially as earnings this year promise to be at least $13 a share, excluding $515,000 received from a settlement of a law suit for infringement of patents.

Distribution of products is wide and markets completely established. An established property depreciation policy has been in effect for a number of years. On the balance sheet patents and good will account is between 14 and 15 million dollars, equal to about $95 a share.

Ahead of the share capitalization is an issue of 5.7 millions 6% bonds, due 1941, secured by stocks of subsidiary companies. In the last ten years interest charges have been earned from two and one-half to six and three-quarter times, and at the present rate of earnings at least four to five times. The record shows adequate protection; in fact, protection enough to give the bonds a sound investment rating.

The stock is rather closely held. Fluctuations are sometimes rather wide, but the increased return at present levels is compensatory, irrespective of the speculative claims which lie in a growing earning power with its possibilities of a more liberal distribution.

COMPUTING-TABULATING-RECORDING

	Sales*	Working Capital*	Dollars Per Share: Earned	Paid	Average Price	Surplus After Divs.
1922	....	4.6	10.9	5.5	67½	5.4
1921	10.1	4.2	6.8	4.0	43⅞	2.8
1920	15.7	5.1	12.9	4.0	45	8.9
1919	12.9	5.1	15.9	4.0	50¾	11.9
1918	9.7	4.3	10.7	4.0	34½	6.7
1917	8.3	3.5	12.3	4.0	35	8.3
1916	6.2	2.7	11.6	4.0	46⅜	7.5

* In millions of dollars.

6—Chandler Motor Car Co.

Why Chandler Has Fallen Back?

PRICE RANGE *	
High 1920	164¾
Low 1923	38¼
Recent Price	52½

* Present stock.

IS there any significance in Chandler Motors stock selling in the lower 50's compared with the relatively higher prices of stocks of other automobile companies? Has Chandler stock been neglected and does it afford a good market opportunity in view of the prosperity of the automobile industry?

Delving into the history of the company during the past five years gives an insight as to why Chandler stock appears so sadly neglected in the market. Chandler made a wonderful showing during the war period. Instead of conserving resources, the management greatly expanded capitalization via the stock dividend route and generously disbursed its cash to shareholders, apparently feeling that the path would continue to be paved with the gold of would-be owners of Chandler cars.

When the deflation in 1921 arrived, Chandler was hardly able to stand the strain. Nevertheless it paid the regular dividend of $6 a share during that year, although earnings after charges were only a few cents a share. The unprecedented prosperity in the industry during the past two years has enabled it to continue disbursements at the established rate, but, in doing so, the company has been unable to build up its financial condition to repair the ravages caused by former liberality.

During the past two years, when its competitors such as Studebaker, General Motors, Hudson, Hupp, etc., had greatly increased their car distribution and fortified themselves financially against any period of depression which the industry may have to weather, all that Chandler could do was to earn its dividend. What will the company be able to do when demand is not what it is today and competition for business becomes more keen? The uncertainty is reflected in the market price of the stock. Asset value is around $20 a share. Balance sheet, as of December 31, 1922, only showed working capital of around one million dollars. As it has been paying out practically what it has been taking in, it is not likely to show much improvement at the close of the year. *These factors of low asset value, inability to materially increase earnings in the banner year of* 1923 *and its comparatively weak financial condition may make it unable to continue present dividends in adverse periods.*

7—American Woolen Co.

What About American Woolen's Dividend?

PRICE RANGE	
High 1919	169½
Low 1914	12
Recent Price	72

SOME holders of American Woolen Company stock, who have observed the decline in market value from a high of around 110 to under 65, and who have been influenced by constant rumors of dividend reduction, are doubtless uncertain as to whether or not the company is actually on the casualty list, temporarily at least. What is the situation?

Of course, the present strong position of the company is due mainly to large war profits, the greater portion of which were retained in the business. War earnings, however, cannot be considered as the measure of its achievements under normal conditions. During 1921, which was an era of deflation in all lines, Woolen earned $8 a share for the common. In 1922 actual earnings were equivalent to $12.40 a share, although 1.5 millions of the net were segregated in a special reserve fund. Balance sheet at the end of last year showed net tangible assets of over $180 a share for the common and net working capital of over 70 millions. This has since been augmented by the sale of 10 million additional preferred stock and the recent offering of 5.5 million 6½% notes of its subsidiary, the Webster Mills. A portion of the proceeds, it is understood, went to increase working capital account, so that its financial condition at this time is as strong as its trade position.

So far as operations this year are concerned, the annual dividend was earned during the first six months. Early in the year a wage increase added to operating expenses. During the past three months demand by the trade was comparatively light, but, with approach of winter, activity has increased and the raw wool market has been exhibiting strength. The company is operating at over 80% of capacity, which is far above the average for this time of the year. In view of the back log of earnings during the first six months and the outlook for normal operations following the three months' dull period in August, September and October, the drastic decline in the price of Woolen common seems hardly justified. Nor does there appear to be any warrant for the fears which have so industriously been circulated as to the uncertainty of the dividend. ***The stock at the present level of 72 appears attractive as a speculation.***

8—Hudson Motor Car Co.

How Hudson Is Standing Up Under Competition

PUBLIC participation in Hudson Motor Car Company was invited early in 1922. Prior to that time the stock was closely held and when general subscription was offered the number of shares outstanding was increased sixfold. But thus far earnings have justified number of shares outstanding when applied to dividend policy and market price of stock.

It is well known that the largest number of cars distributed are those selling under $1,000. The class which Hudson and Essex occupy is the next largest field. Increase of production in this field between 1921 and 1922 was over 50%, but in the same period total production of Hudson and Essex increased over 100%, indicating that the companies were more than holding their own in the great upward rush which the automobile industry made in that period. Prominent competitors of Hudson and Essex are Maxwell, Oldsmobile, Dodge, Cleveland, Studebaker, Nash, Buick, Hupmobile, Moon and Reo.

Hudson manufactures in Detroit in its own modern factory, and there has been no excessive expansion in that the growth from original capitalization of $100,000 has been obtained almost entirely from within the company's own accumulating resources.

If 1922 and 1923 are accepted as yardsticks, earning power in periods of prosperity in the automobile industry is about double the present dividend rate of $3.00. In other words, at least a dollar is put into surplus for every dollar distributed to shareholders. At the present time the stock is selling to yield 12%, which suggests speculative rather than an investment position. The suggestion carries more than an element of truth, for the stock has been known to the public only in a period of unusual activity in the motor-vehicle industry. But even assuming a 25% decrease in production next year for the industry as a whole, it would seem possible for Hudson to continue dividends at the rate of $3. Financial position as indicated by the last available balance sheet was entirely sound. *Production efficiency seems pretty well established, the market for the cars rather thoroughly proven, and the stock offers suitable medium for funds available for business risk.*

HUDSON MOTOR CAR CO.

	Output*	Net After Taxes†	Dollars Per Share Earned	Dollars Per Share Paid	Current Assets‡	Current Liabilities‡
1917	21.3	1.5	7.4	2.6		
1918	13.3	1.2	6.2	2.4		
1919	39.3†	2.3	11.5	2.6		
1920	48.4†	1.2	5.8	3.6		
1921	25.4	.9	3.7	...	5.8	2.5
1922	61.3	7.2	6.0	...	15.5	6.0

* In thousands of cars. † Including Essex. ‡ In millions of dollars.

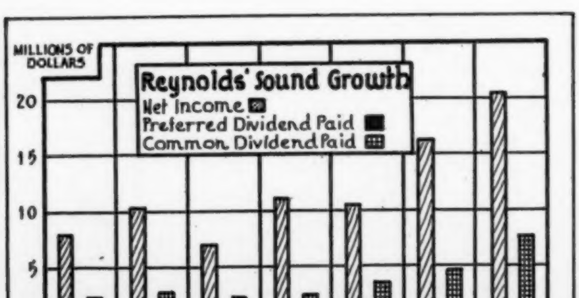
9—*Reynolds Tobacco Co.*

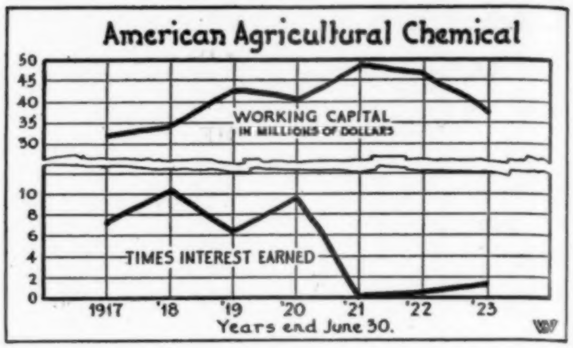
Has Reynolds Fully Discounted Prosperity?

REYNOLDS TOBACCO COMPANY is now showing the largest profits ever reported by any domestic tobacco corporation. The company has retained a large portion of its net income each year for development and this money, together with the amounts raised by the issuance of new securities has placed it in a remarkably strong financial condition. As of December 31, 1922, working capital was 88 millions, and the company was able to carry a record inventory of 73 millions without having to borrow a nickel from the banks. Another strong point in favor of this company is its ability to show progress when general business conditions are unsatisfactory.

Capitalization at the present time consists of 20 millions 7% cumulative preferred stock, 400,000 shares of common stock of a par value of $25 and 2,800,000 shares of common class B stock of a par value of $25. There is no funded debt. *The preferred stock is entitled to the very highest rating as the working capital of the company alone is 4½ times the amount of preferred stock outstanding.*

At present price of 72, the common class B stock appears to have rather fully discounted the remarkable improvement in the company's affairs. This stock in 1920 and 1921 sold as low as $30 a share. In April 1922, a stock dividend of 33⅓% was paid. Taking this dividend into consideration, the present price of the stock represents a 300% advance from the low levels reached in those two years. In 1922, the company earned $5.96 a share on the present outstanding common stock and earnings this year may reach $6.50 per share. These earnings show a smaller percentage on the present market price of the stock than in the case of other well established tobacco companies. As of December 31, 1922, net tangible assets excluding good-will, trade-marks, patents, etc., were equal to $26.11 per share on the common stock. *R. J. Reynolds is possibly the strongest company in the tobacco industry, but the stock has now advanced to a level at which it does not appear to offer a particularly attractive opportunity. The present dividend rate is $3 per share per annum which gives a return of only* 4.3%.





10—*Amer. Agric. Chemical Co.*

An Organization with Drab Prospects

PRESENT earning power of the company and possibility of improvement in this direction is naturally the main consideration of security holders. In the five years before the war, profits of the company after deducting depreciation but before interest charges, averaged approximately 3 millions or about the same as reported for the year ended June 30, 1923. During the war period its earning power more than doubled, but it is unreasonable to expect that there will be a return of the favorable conditions prevailing during that period. The farmer is unlikely to experience another such wave of prosperity. Moreover, the Government has done considerable educational work in instructing the farmer how to make his own fertilizer by purchasing the raw materials and this has resulted in a smaller demand for finished products.

Looming in the future is the possibility of the development of Muscle Shoals by Henry Ford which would bring a large quantity of cheap fertilizer into the market. The outlook therefore, hardly warrants the belief that there will be more than a moderate increase in earnings. Financially the company has nothing to worry about. As of June 30, 1923, current assets totaled 42.4 millions and current liabilities 4.5 millions, a ratio of 9½ to 1. Bank loans, which stood at over 15 millions, June 30, 1921, have been reduced to 2 millions.

Net income for the year ended June 30, 1923, was only equal to 1.76% on the preferred stock. If conditions continue reasonably favorable for the company there may be sufficient improvement in its business to enable it to show the 6% dividend on the preferred earned, but to anticipate more than this would savor of over-optimism. *At present prices of 37 the preferred stock is not without long pull possibilities although it is unlikely that dividends can be paid on the issue for a long time. With 15% back dividends due on the preferred, the common stock even at present low levels of around 13 does not appear attractive. The first 5% bonds are entitled to a high investment rating and the refunding 7½s can be classed as a good business man's investment.*

11—Loew's, Inc.

Loew's Dividend Rate *vs.* Loew's Earnings

LOEW'S, INCORPORATED, is interested in 75 theatres, of which 27 are 100%, 21 more than 50% and the balance less than 50% owned. It also has 100% ownership in three large office buildings, two moving picture studios and 29 distributing agencies.

At present levels of around 17 the stock as a $2 payer gives a return on the investment of 11.8%. This is a very handsome yield and if the dividend was well fortified the stock would undoubtedly be on the bargain counter. An examination of the earning power of this company to date however, does not justify a particularly optimistic view as to its safety. For the year ended August 31st, 1923, net profits after deducting depreciation, taxes, etc., were equivalent to $2.27 a share on the 1,060,780 shares of no par stock outstanding. Earnings for the four years ended August 31st, 1923, averaged $2.02 per share on the capital stock or just about the present dividend rate. Unless, therefore, the company can show an important increase in earnings, a $2 dividend on the stock would be difficult to maintain.

SOME INTERESTING FACTS ABOUT LOEW'S

Controls 75 theatres	Earned per share — 1920, $1.94; 1921, $1.70; 1922, $2.14
Owns 100% of 27 of these	Paid per share—1920, nothing; 1921, $1; 1922, $2
Owns more than 50% of 21 others	Recent price of stock—$17
Owns less than 50% of balance	Dividend rate—$2
Also owns 100% of 3 large office buildings, 2 moving picture studios and 25 distributing agencies	Yield at recent price—11.8%

Metro, the film producing subsidiary, contributes considerably to the earnings of the company. This season's normal output of films has been completed and promise to bring in good profits. Metro, however, is facing the same difficulties as other producers. The cost of producing pictures has risen to such an extent that many important companies are going to close down or curtail operations in an effort to remedy the situation. Just how successful this effort will be is an open question. Competition has greatly increased in the moving picture producing field and while Metro and other companies will curtail operations, many large producers do not intend to follow suit and may defeat the object of the movement. In the opinion of the writer *the stock is not without speculative possibilities at present levels, but there are many other securities that appear to have a more definitely assured future.*

12—Famous Players-Lasky

What Famous Players Has to Live Down

FAMOUS PLAYERS-LASKY CORPORATION, to give it its full name, pays liberal dividends on both preferred and common stocks, has done so for a number of years, has shown per share earnings well in excess of dividend requirements and yet the common stock was one of the very weak features through the summer and early fall months on the New York Stock Exchange. The decline culminated in an announcement that the company was shutting down production for the winter, having the best part of a year's production of films on hand. One reason for curtailing was too heavy production expense, which again lays bare the oft-repeated criticism that much too large a proportion of revenues goes for players, directors, etc., and too little to stockholders.

For the present the psychology of the situation is against the entrance of Famous Players shares, either preferred or common, into the ranks of gray-whiskered investments. They have acquired, perhaps through no fault of their own, too lurid a reputation. They have this to live down and, therefore, must be treated more from a speculative standpoint. The two classes of stock are coupled in regard, because if business started to slump the preferred dividend might be in danger almost as soon as the common. At present the preferred paying 8% sells at prices where a soundly regarded 6% issue sells, and the common paying 8%, sells at a level frequently reached by a high class 4% common stock. Earnings are covering dividends, new financing is denied and steps have been taken to cut down abnormal costs without impairing earning power through the period when it is normally largest. The decided stand against high production costs, even though dictated by circumstances, by a company which makes pictures shown in 11,000 of the 17,000 motion picture houses of the United States, and extends its activities throughout Europe and South America, may possible mark a mile stone on the road to investment standing. The speculative values of the preferred are well defined and attractive, and the common, after its severe shake-up, seems to be selling below known earning power value. It is an issue, however, to watch closely.

FAMOUS PLAYERS-LASKY

		Common Stock						
	Gross Op. Income*	Earned Per Sh.	Paid Per Share	Bal. Per Share	High	Low	Inventory*	Current Assets*
1918	1.5	$7.6	...	$7.6	...	...	4.6	9.7
1919	4.1	15.2	$5.5	9.7	123	83	8.8	23.7
1920	7.8	19.6	8.0	11.6	95	40	12.8	24.1
1921	5.9	17.5	8.0	9.5	82½	44⅝	11.9	20.6
1922	4.7	13.4	8.0	5.5	107	76½	13.2	18.9
1923	...	....	8.0	...	93	52	...	...

* In millions of dollars.

13—Inter. Merc. Marine

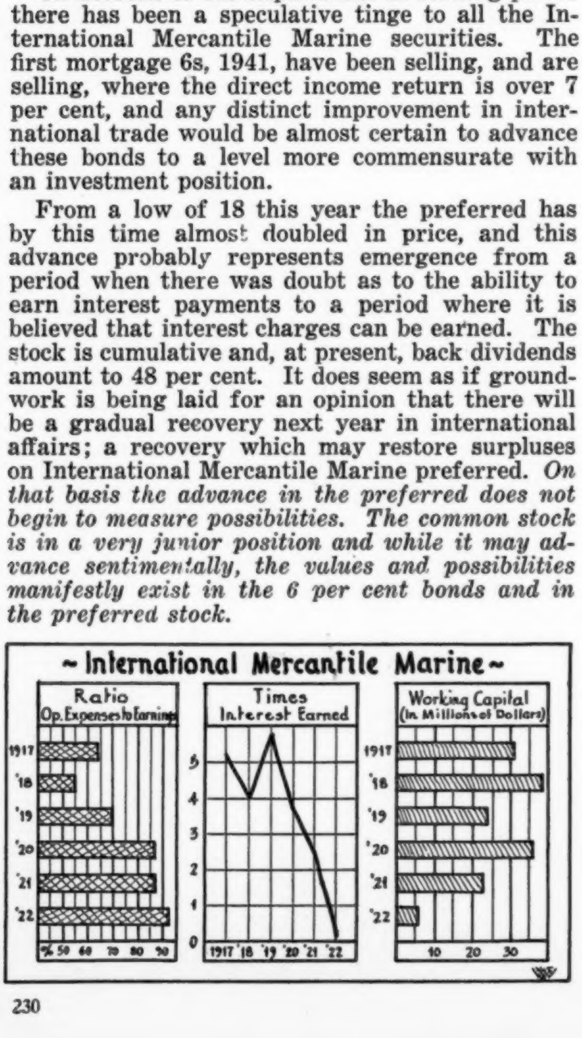
Where Prospects are Still Uncertain

FROM the beginning of 1920 through the summer of 1923 there was uninterrupted decline in ocean freight rates. Coupled with this has been the restriction of immigration into the United States and the partial disruption of international trade. Another influencing feature has been the fear of competition from cheaply-built ships turned out in German shipyards.

During the first part of 1923 it was commonly reported that earnings were below interest requirements. About the middle of the year it was reported that interest charges were being earned, and recognition was given the belief that the transatlantic shipping industry had finally scraped bottom. The whole question of International Mercantile Marine may be best summed up in the following sentence of President Franklin: "When Europe comes back shipping will come back, and then we will come back."

On account of the impairment of earning power there has been a speculative tinge to all the International Mercantile Marine securities. The first mortgage 6s, 1941, have been selling, and are selling, where the direct income return is over 7 per cent, and any distinct improvement in international trade would be almost certain to advance these bonds to a level more commensurate with an investment position.

From a low of 18 this year the preferred has by this time almost doubled in price, and this advance probably represents emergence from a period when there was doubt as to the ability to earn interest payments to a period where it is believed that interest charges can be earned. The stock is cumulative and, at present, back dividends amount to 48 per cent. It does seem as if groundwork is being laid for an opinion that there will be a gradual recovery next year in international affairs; a recovery which may restore surpluses on International Mercantile Marine preferred. *On that basis the advance in the preferred does not begin to measure possibilities. The common stock is in a very junior position and while it may advance sentimentally, the values and possibilities manifestly exist in the 6 per cent bonds and in the preferred stock.*



BETHLEHEM STEEL

	Unfilled Orders at Year's End*	Gross Sales*	Per Sh. of Com. Earned	Per Sh. of Com. Paid	Working Capital*
1917......	454	299	$43.2	$8.5	73
1918......	329	448	21.0	10.0	80
1919......	251	282	20.0	7.0	89
1920......	145	274	18.4	5.0	77
1921......	50	148	11.5	5.0	88
1922......	67	132	1.4**	5.0	87

* In millions of dollars. ** Promises to exceed $5 in 1923.

14—Bethlehem Steel Co.

What is the Meaning of Beth. Steel's High Yield?

EXPANSION of Bethlehem Steel has continued in the post-war years. During the past year it has acquired, through exchange of stock, Lackawanna Steel and Midvale Steel. As a result, Bethlehem is the second largest steel company in the country, having ingot capacity of 7.6 million tons, as against a capacity of 22.7 million for the United States Steel Corporation. Naturally, total capitalization of Bethlehem has grown no less rapidly than the increase in volume and scope of its business. However, capitalization per ton of ingot capacity was reduced through the acquisition of Lackawanna and Midvale, but there still seems to be suspicion regarding the earning power of Bethlehem in normal peace-time steel years. It is likely to be pointed out that such steel companies as Republic, Gulf States and United States Steel all have recently earned considerably more.

The growth of the company has been so fast that it has been impossible to consolidate capitalization. There are probably too many issues making up the funded debt of 200 million dollars, and it may be that the company will later solidify this part of the structure. Because there are so many funded issues does not necessarily invalidate the investment worth of the specific issues, but the funded debt gives the impression of being haphazard. As a matter of fact, all the Bethlehem Steel issues, as well as the Midvale Steel first 5s and the Lackawanna Steel funded issues, are deserving of good investment rating.

During the past year the share capitalization has been solidified. There does not seem to be any present question of the safety of dividends on the preferreds. It must be stated that the 7% issue at 90 and the 8% at 102 are selling at unusually low levels for stocks entitled to a good-grade investment rating. The earning power of the corporation seems quite sufficient to protect these dividends, even though the margin may not be quite as pronounced as in other high-grade industrial preferred issues. *The common stock, as can be judged by the facts stated above, and despite the assurance that lately there has been a noticeable improvement in new business, gives every evidence of being in a speculative rather than an investment position.*

FISHER BODY CORPORATION					
	Times Int. Earned	Per Share of Common— Earned	Paid	Avg. Price	Working Capital*
1917.....	23.0	$9.5	..	$33	3.8
1918.....	15.0	12.6	..	35	3.6
1919.....	6.2	6.5	..	105	4.2
1920.....	7.0	8.2	$5	106	10.9
1921.....	4.2	9.0	10	82	19.8
1922.....	7.6	12.0	10	146	18.6
1923.....	19.2	33.0	10	176	31.7

* In millions of dollars.

15—Fisher Body Corp'n.

Fisher Body Rolling in Business

GENERAL MOTORS CORPORATION acquired control of Fisher Body four years ago, paying over 27 million dollars cash for the investment, which gave the big company the majority of the stock. At the present time, of 600,000 shares of Fisher Body outstanding, only about 200,000 shares are in the hands of the public. Therefore, one must take cognizance that the company is practically a subsidiary of General Motors Corporation and as such likely to be conducted by policies which are progressive.

Fisher Body has an annual production capacity of 800,000 bodies of the closed-car type and 400,000 of the open-car type. It is perhaps significant of the trend that the closed-car type capacity is double that of open-car type.

When General Motors acquired control of Fisher Body an agreement was executed by which the controlling corporation agreed to purchase from the subsidiary practically all automobile bodies required except those General Motors might build at its own plants. The price was fixed at cost plus 17.6%, and the period of the contract is ten years.

As with so many of the corporations in the automobile industry, Fisher Body's earnings have taken an amazing forward leap during the past two years. The increasing use of closed-car types undoubtedly has done much for net profits, which in years of activity in the motor-vehicle industry, such as the past two years, seem capable of sustaining a level of 30 per cent or better.

Ahead of the share capitalization is an issue of 20 millions 6 per cent serial notes, the last of which mature 1928. These are a direct obligation but not secured by a mortgage and deserve a good investment rating.

The common stock is subject to wide fluctuations and floating supply is small. Selling level is dictated as much, if not more, by known earnings than by income return and by hope of possible higher distributions. *It is perhaps more conservative to approach the stock from a speculative standpoint. On this ground the purchaser may be quite well assured of good management, stable distribution of product and demonstrated earning power.*

16—Gulf States Steel Corp'n.

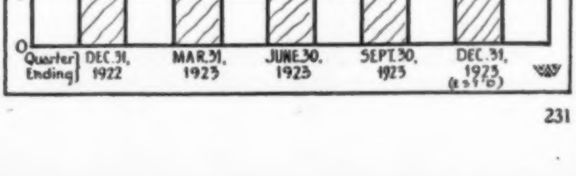
The Only Steel Company Free of Funded Debt

GULF STATES STEEL plant is situated at Alabama City, about 70 miles from Birmingham, Ala. It includes a blast furnace having a capacity of 300 tons of pig-iron a day, 6 open-hearth furnaces with a total capacity of 500 tons of ingots a day, and mills capable of producing about 17,000 tons of finished products a month. This company is very fortunate in its ownership of all raw materials necessary in its business and these raw materials are close at hand. It owns or has mineral rights on about 2,000 acres of ore lands at Shannon, a few miles south of Birmingham. This ore, estimated to contain about 125 million tons of ore, is practically self-fluxing, requiring the use of a comparatively small amount of limestone in the blast-furnace mixture, thereby reducing the cost of pig-iron.

The company owns coking coal reserves of about 30 million tons situated near Birmingham. This is a clean coking coal which does not require washing. A supply of limestone, estimated to be sufficient for fifty years, is derived from the company's quarries near Gadsden. *The company, therefore, is ideally situated from the view-point of raw materials and, combined with the satisfactory labor conditions in its district, this has enabled it to produce its products at a relatively low cost.* That the company can do well under only moderately good conditions in the steel industry has already been amply demonstrated. In 1922, when most companies were operating at a very slim margin of profit, Gulf States Steel succeeded in earning $7.26 a share on its stock. In the first nine months of 1923 the company reported profits of $10.72 a share on the common. Gulf States Steel is one of the few steel companies entirely free of funded debt. Capitalization consists of $2 million 7% cumulative preferred stock and $11 million common of a par value of $100.

Financial condition is good. As of December 31, 1922, the company was entirely free of bank loans and had cash on hand of close to $1 million.

The common stock is a speculative favorite and is subject to wide market swings. As a $4 dividend payer it appears high at present levels of 84, but the company is undoubtedly in a position to increase this rate at any time.



Good Investment Opportunities Presented in Preferred Stock Market

Recent Record of Preferreds—Examples of Attractive Issues—How Investors Can Secure 7% in Sound Stocks

PREFERRED stocks were strong during the past two weeks, in line with investment and speculative markets. Some issues which had been selling at unusually attractive levels showed sharp gains. Kelly Springfield 6% preferred, which had broken wide open on offerings of a few hundred shares, sold at 75, up five points, and a similar gain was shown by Brown Shoe preferred, which had also suffered sharp recession on sales of a few hundred shares, owing to its thin market, but it took only 100 shares to show the thinness of the market applied to the up as well as down side. Famous Players-Lasky sold at around 86, compared with previous levels of around 82, and good gains were also shown by American Beet Sugar, California Petroleum, Cluett-Peabody and Bethlehem Steel 8% preferred.

The utilities were not inclined to join the upward trend, Public Service of New Jersey 8% preferred losing 1½ to 101, and Market Street Railway prior preferred 2 points. American Water Works & Electric first preferred also declined on a few transactions to 87¼, due to announcement of authorization of an additional $10 million of stock, to be issued for financing of future requirements whenever necessary. However, it was quite evident, as demonstrated in other divisions, there was very little stock for sale at low levels, and any demand should see quick recoveries.

PREFERRED STOCK GUIDE

These Stocks Are Selected as Offering Best Opportunities in Their Respective Classes, Taking Into Consideration Assets, Earnings and Financial Condition of the Companies Named

	Div. Rate $ Per Share	Approx. Price	Approx. Yield	†Divid'd Times Earned
Sound Investments				
INDUSTRIALS:				
American Sugar Refining Co...........(c.)...	7	98	7.1	2.4
American Can Co.....................(c.)...	7	109	6.4	2.1
American Ice Company..............(n.c.)...	6	79	7.6	2.2
American Woolen Co..................(c.)...	7	101	6.9	2.5
Allied Chemical & Dye Corp...........(c.)...	7	108¾	6.4	(x) 4.5
Baldwin Locomotive Works............(c.)...	7	113	6.2	4.4
Cluett-Peabody & Co..................(c.)...	7	102	6.9	4.7
Endicott-Johnson Corp................(c.)...	7	112	6.2	4.6
General Motors Corp. deb.............(c.)...	7	96¾	7.2	(y) 5.1
Loose-Wiles Biscuit Co. 1st...........(c.)...	7	106	6.6	3.2
Standard Milling Co.................(n.c.)...	6	89½	6.7	4.8
PUBLIC UTILITIES:				
North American Co....................(c.)...	3	44¼	6.8	(w) 6.9
Philadelphia Company.................(c.)...	3	42½	7.0	5.6
RAILROADS:				
Bangor & Aroostook...................(c.)...	7	87	8.0	2.5
Chesapeake & Ohio conv...............(c.)...	6.50	99	6.5	4.9
Middle-Grade Investments				
INDUSTRIALS:				
Armour & Co. of Del..................(c.)...	7	91¾	7.6	(z) 2.9*
American Steel Foundries.............(c.)...	7	101½	6.9	5.0
Allis-Chalmers Mfg. Co...............(c.)...	7	91	7.7	2.8
American Smelting & Ref. Co..........(c.)...	7	95¾	7.3	1.7
Associated Dry Goods Co. 1st..........(c.)...	6	82	7.3	3.0
Brown Shoe Co.......................(c.)...	7	90	7.7	2.2
Bethlehem Steel Corp. conv............(c.)...	8	106½	7.5	3.8
Bush Terminal Buildings Co............(c.)...	7	89	7.8	1.1
Coca-Cola Co. ....(c.)...	7	94	7.5	(x) 5.1
Cuban-American Sugar Co..............(c.)...	7	97	7.2	6.4
Genl. American Tank Car Corp..........(c.)...	7	96½	7.3	5.4
General Baking Co....................(c.)...	8	108½	7.3	(x) 3.8
Gimbel Brothers, Inc..................(c.)...	7	99	7.0	3.3
J. Kayser & Co.......................(c.)...	8	98	8.1	2.0
Kelly Springfield Tire Co..............(c)...	6	75	8.0	16.0
Natl. Cloak & Suit Co.................(c.)...	7	97½	7.4	...
Sears-Roebuck & Co...................(c.)...	7	111	6.3	12.6
U. S. Industrial Alcohol Co............(c.)...	7	97	7.2	6.4
PUBLIC UTILITIES:				
Amer. W. Wks. & Elec. Corp. 1st.......(c.)...	7	87¼	8.0	(x) 2.2
Public Service of N. J.................(c.)...	8	101	7.9	(y) 3.4
RAILROADS:				
Baltimore & Ohio....................(n.c.)...	4	58½	6.8	...
Colorado & Southern 1st pfd..........(n.c.)...	4	49	8.2	6.2
Pittsburgh & W. Va...................(c.)...	6	87¼	6.9	2.0
Semi-Speculative Investments				
INDUSTRIALS:				
American Beet Sugar Co.............(n.c.)...	6	72½	8.3	1.3
California Petroleum partic. pfd.........(c.)...	7	96½	7.3	1.3
Famous Players-Lasky Corp............(c.)...	8	85¼	9.2	(y) 5.7
Fisher Body Corp. of Ohio.............(c.)...	8	98	8.1	...
Mack Trucks, Inc., 1st.................(c.)...	7	94	7.4	(y) 2.8
Orpheum Circuit ....(c.)...	8	92	8.7	(w) 2.5
National Department Stores...........(c.)...	7	92½	7.5	4.0
Pure Oil Co. conv. pfd................(c.)...	8	88½	9.0	3.5
Worthington Pump & Mfg. "A"..........(c.)...	7	81	8.5	2.0
PUBLIC UTILITIES:				
Market Street Railway prior pfd.........(c.)...	6	63	9.1	1.4
RAILROADS:				
Kansas City Southern...............(n.c.)...	4	52½	7.6	1.5
Pere Marquette.......................(c.)...	5	61	8.2	2.2
St. Louis Southwestern..............(n.c.)...	5	58	8.6	1.7
Southern Railway ....(n.c.)...	5	68¼	7.3	1.7

(c.) Cumulative. (n.c.) Non-cumulative.
(w) Average for last two years.
(x) Average for last three years.
(y) Average for last four years.
(z) Stock was issued this year.

* Based on average earnings during past six years.
† Average number times earned last five years.

Possibilities in Preferred Stocks

For the investor who is not influenced by fluctuations brought about by sharp breaks in the common share market, preferred stocks offer a very attractive field at this time. Gilt-edge bonds are now only obtainable at around a 5½% basis, but there are any number of good preferred stocks offering excellent security of principal, with return of almost 7%. An instance is North American preferred. This is one of the most important and successful public utility holding companies in the country, yet, at around the present market, the yield is not only almost 7%, but the security of income is also proven by the fact that for the past three years the preferred dividend has been earned almost seven times.

Likewise Philadelphia Company preferred is selling on a 7% basis, with the dividend earned over five times during the past five years.

Industrial Issues

Among the industrials, Allied Chemical & Dye preferred, a very strong issue, is selling on a 6½% basis, with the dividend earned over four times during the past four years. Cluett, Peabody & Company yields almost seven per cent, although dividends have been continuously paid since the stock was issued and earned almost five times during the past five years, and the same is true with respect to American Steel Foundries preferred.

In considering the list, it might not be out of order to point out one or two issues

which appear especially attractive on basis of present market prices. Julius Kayser & Company 8% preferred is selling at 98, although the company's record of earnings for the last ten years shows average annual income has been sufficient to cover the dividend with a margin of around seven dollars a share for the 115,700 shares common. This is a ten-years record, embracing very trying periods in the silk industry.

Mack Trucks first preferred, selling at 94, returns almost 7½%. There is no funded debt ahead of the issue, so it has first claim on assets and earnings. The company's balance sheet, as of September 30th, showed net tangible assets exceeding $300 a share for the first preferred. Working capital alone was over $25 million for the approximately $10.9 first preferred. Earnings for the first nine months of the current year were over 5.87 million, whereas the annual dividend requirements for the stock call for only $765,000. During the four years, 1919-1922, the company's average earnings were around $20 a share for the first preferred. Certainly this stock is well secured by assets and earning power.

There are any number of instances where good investments in preferred stocks are obtainable on a very attractive basis, with the dividend practically as well, if not better, secured than earnings on good bond issues. A number of such preferred stocks may be found listed in the accompanying table, together with essential data applying to these issues.

Industrial *Oil* *Mining*

Investors' Indicator

Current Earnings—Dividends—Working Capital

	Dollars Earned Per Share								Yield on	Ratio of Current Asets to	
		←—1923—→					†Present		Rec'nt		
Industrials—	1922	1st quar.	2d quar.	3rd quar.	6 mos.	9 mos.	Rate Div.	Rec't Price	Price (%)	Current Liabilities	
Allis-Chalmers	4.11	0.69	1.30	1.82	1.99	3.83	4	42	9.5	10 to 1	December 31, 1922
Ajax Rubber	0.06	1.05	....	....	a0.97	....	...	7	...	3 to 1	June 30, 1923
Air Reduction	5.23	3.50	4.22	3.67	7.72	11.39	4	67	6.0	6 to 1	December 31, 1922
Amer. Bosch Magneto	0.27	....	....	....	3.00	....	...	33	...	2⅓ to 1	February 28, 1923
Amer. La France Fire Engine	1.90	0.35	0.25	0.65	0.60	1.25	1	11	9.1	5 to 1	December 31, 1922
Amer. Druggists' Syndicate	0.63	....	....	....	def.	....	...	6	...	12 to 1	December 31, 1922
Amer. Hide & Leather Pfd	4.20	def.	def.	def.	def.	def.	...	44	...	3⅓ to 1	December 31, 1922
Amer. Locomotive	l	....	....	....	k12.19	....	6	74	8.1	5 to 1	December 31, 1922
Amer. Steel Foundries	4.03	1.89	2.49	2.94	4.38	7.32	3	38	8.0	4½ to 1	December 31, 1922
Bethlehem Steel	1.14	....	2.42	1.84	....	....	5	54	9.3	4¼ to 1	December 31, 1922
Butterick	3.42	....	....	....	3.53	....	...	19	...	3 to 1	December 31, 1922
Central Leather	q	2.30	def.	def.	2.28	def.	...	10	...	5⅓ to 1	December 31, 1922
Cluett-Peabody	12.01	....	....	....	10.89	....	5	68	7.3	4¼ to 1	June 30, 1923
Coca Cola	11.14	2.64	3.39	....	6.03	....	7	74	9.5	4 to 1	December 31, 1922
Colorado Fuel & Iron	def.	1.00	1.34	def.	2.34	1.30	...	25	...	3⅓ to 1	December 31, 1922
Corn Products	17.43	5.24	5.16	3.32	10.42	13.72	c6	133	4.5	6 to 1	December 31, 1922
du Pont de Nemours	k5.62	....	....	....	8.54	....	8	127	6.4	7⅓ to 1	December 31, 1922
Endicott-Johnson	13.77	....	....	....	4.57	....	e5	65	7.7	2¼ to 1	June 30, 1923
Famous Players	14.72	3.66	2.96	....	6.62	....	8	65	12.3	2¼ to 1	December 31, 1922
General Motors	2.19	....	....	....	1.84	....	1.20	14	8.6	8 to 1	June 30, 1923
Goodrich	0.73	....	....	....	2.86	....	...	23	...	3 to 1	December 31, 1922
Gulf States Steel	7.26	4.44	3.61	2.68	8.05	10.73	4	83	4.8	6 to 1	December 31, 1922
Hayes Wheel	6.50	....	....	....	3.92	....	3	38	4.8	3⅓ to 1	December 31, 1922
Hudson Motor	6.08	....	....	....	3.71	....	3	25	12.0	2⅓ to 1	November 30, 1922
Lee Rubber & Tire	2.47	0.85	....	....	....	....	...	14	...	9 to 1	December 31, 1922
Mack Truck	9.94	4.34	7.80	5.44	12.14	17.58	6	84	7.1	10 to 1	Sept. 30, 1923
Otis Elevator	15.28	3.03	6.06	5.88	9.09	14.97	8	134	5.9	9 to 1	June 30, 1923
Owens Bottle	4.41	1.13	1.77	1.62	2.90	4.52	3	43	6.9	9 to 1	December 31, 1922
Pierce Arrow pfd	0.10	....	....	0.10	2.04	2.14	...	24	...	m2½ to 1	December 31, 1922
Remington Typewriter	2.77	....	....	....	3.31	....	...	35	...	8 to 1	December 31, 1922
Republic Iron & Steel	j	3.65	5.90	4.18	9.55	13.73	...	50	...	2¾ to 1	December 31, 1922
Sloss-Sheffield	1.09	7.00	7.57	3.44	14.57	18.01	...	53	...	1⅓ to 1	December 31, 1922
Spicer Manufacturing	0.88	1.23	1.26	0.40	2.49	2.89	...	15	...	2½ to 1	December 31, 1922
Stewart-Warner	11.23	4.36	3.94	3.38	8.30	11.68	10	87	11.5	5 to 1	December 31, 1922
Stromberg Carburetor	8.05	3.39	4.89	....	8.28	....	8	84	8.3	7 to 1	December 31, 1922
Studebaker	k23.21	8.00	9.40	6.26	17.40	23.08	10	103	9.5	5 to 1	June 30, 1923
Timken Roller Bearing	6.43	1.97	1.83	....	3.80	....	h3	37	8.1	3 to 1	December 31, 1922
United Drug	5.80	....	....	....	3.62	....	6	80	7.5	7 to 1	December 31, 1922
U. S. Rubber	2.68	....	....	....	2.22	....	...	38	...	2⅓ to 1	June 30, 1923
U. S Steel	2.85	2.20	4.63	4.46	6.83	11.30	d5	95	5.8	3¾ to 1	December 31, 1922
Vanadium	0.79	....	....	....	1.03	....	...	31	...	Net current assets $4,100,000	
Willys-Overland	def.	....	....	....	3.30	4.84	...	7	...	m3⅓ to 1	July 31, 1923
Youngstown Sheet & Tube	....	....	....	3.17	10.34	13.51	5	68	7.3	3½ to 1	December 31, 1922
Oils—											
California Petroleum	‡k4.18	‡k1.89	‡k3.10	....	‡k4.90	‡k6.82	1.75	23	7.6	2¼ to 1	December 31, 1922
Cosden & Co.	‡4.25	....	....	....	*4.00	....	...	30	...	4 to 1	December 31, 1922
Houston Oil	‡2.75	*1.06	*1.54	*2.82	*2.60	*5.42	...	53	...	3⅓ to 1	December 31, 1922
Marland Oil	‡4.44	*3.00	*3.55	....	*6.55	....	...	26	...	2¾ to 1	December 31, 1922
Middle States Oil	*2.79	*0.46	0.50	....	0.96	....	...	5	...	Net current assets, $2,338,031	
Pacific Oil	3.37	0.62	0.67	0.67	1.29	1.96	2	41	4.9	2⅓ to 1	December 31, 1922
Pan-American B.	‡11.75	3.12	....	....	....	....	b8	58	14.0	3½ to 1	December 31, 1922
Phillips Petroleum	k*7.80	....	....	k*1.90	k*6.80	k*8.70	g2	30	6.6	1 to 1¼	December 31, 1922
Pure Oil	§def.	s	....	....	....	....	1.50	20	7.5	2⅔ to 1	March 31, 1923
Sinclair Consolidated	‡3.24	....	....	....	*1.00	....	2	22	9.1	8½ to 1	December 31, 1922
Mining—											
American Smelting	‡3.28	....	....	....	‡5.43	....	5	59	8.4	4 to 1	December 31, 1922
American Zinc pfd	0.28	*1.32	*1.30	*0.16	*2.62	*2.78	...	30	...	5 to 1	December 31, 1922
Chino	def.	*0.45	*0.28	*0.14	*0.73	*0.87	...	16	...	2 to 1	December 31, 1922
International Nickel	p	0.04	0.13	....	0.17	....	...	12	...	12 to 1	June 30, 1923
Nevada Consolidated	def.	*0.27	*0.48	*0.32	*0.75	*1.07	...	12	...	8 to 1	December 31, 1923
Ray Consolidated	def.	*0.31	*0.36	*0.28	*0.67	*0.95	...	12	...	9 to 1	December 31, 1922
Utah Copper	1.03	*1.37	*2.06	*2.48	*3.43	*5.91	4	64	6.2	7 to 1	December 31, 1922

* Before depreciation and depletion.
† Dividend rate covers regular dividends on yearly basis.
‡ After deducting depletion and depreciation.
§ Year ended March 31.
a After deducting depreciation and revaluation of inventory.
b Stock Dividend of 20% paid Feb. 8, 1923.
c $3 extra paid Jan. 30, $1.50 extra July 20, 75c extra Oct. 20.
d Extra dividend of 25 cents payable December 29.
e 20% stock dividend paid Feb. 15, 1923.
g Stock dividend of 50% and extra dividend of $1 paid June 30.
h 25c. extra paid Sept. 5 and 25c Dec. 5.
j Earned $1.67 on preferred in 1922.
k On increased stock.
l Earned $4.40 on preferred.
m After giving effect to new financing.
p For year ended March 31, 1923, earned 54c. a share on preferred.
q Earned $4.58 a share on preferred.
s Year ended March 31, 1923, earned $1.37 a share.

Building Your Future Income

"For the Man with His First Five Hundred Dollars"

Together

A GREAT university sends out an athletic team to compete in sports with neighboring colleges. The men cannot play together. Some fine grain of cooperation, of mutual confidence—some willingness to merge individual selves into the whole SELF is lacking. There is no team play. So the university loses.

Suddenly, one year, a new spirit permeates the university's halls. It is the spirit of Porthos, Athos and Aramis all over again—the spirit that once rose—and rises still—to the rallying cry of "One for All and All for One!" Saturated with this new essence—which came from nobody knows where—the university's teams transpose in action from insoluble members into a perfectly welded whole. Sharing one another's courage and determination, uplifted by a Mass Ideal infinitely more persuasive than individual ideals, each member of the team fights and strives like a thing possessed. Together, they rise to unheard-of heights—to a brilliancy in offense and a dogged stubborness in defense at once irresistible and impregnable. This is TEAM PLAY at its best. So the university wins.

FIVE great nations are plunged into a ruthless war for which only one of them is prepared—and that one the offender. The defensive four put up mighty efforts to withstand the crushing juggernaut descending upon them. The heroism of their armies is marvellous. The manœuvering of their military commanders is beyond reproach.

But the defensive four cannot work together. And so, step by step, their beaten troops fall back.

Overnight, the defensive four perceive their folly. One High Command—one central authority from whom shall radiate all control—they must have. To this command's decisions all must pledge obedience. In its purposes, both great and small, all must cooperate.

The command is established. The strategy of that command is conceived. Through the communication lines, the military orders are given. Immediately demoralization becomes organization, disintegration becomes construction, cross-purposes merge into one purpose, weakness becomes strength — and Victory changes places with Defeat.

A LITTLE family—a young family—takes up its place in the social whole. The future stretches out before it, a long, sunlit, even road. Life seems good—and the living of it easy.

Time passes. . . . And the members of the little family—why they do not perceive—begin to fall back in what has deteriorated into a sordid struggle for existence. The family finds itself disillusioned—or so it thinks—at first. Then it finds itself embittered. Soon its very integrity is threatened, and it faces that doom—the divorce court—before which so many vessels have been wracked and wrecked.

As a last resort—in one final, desperate effort to stem the tide—the members of the family humble themselves. "Come, let us reason together!" they say.

The Husband thrusts behind him the selfish ego, the "easy assumption of superiority" to which centuries of breeding have made him prone. The Wife—perhaps it is a sharp tongue that she checks. The children—perhaps it is a disloyalty to the interests of the home that they discard.

"What I can earn shall be devoted to your interests and protection!" offers the bread-winner. "What can be saved over our immediate needs *will* be saved!" declares his wife. "What we can do, by our loyalty, to make providing for us seem better worthwhile—what we can do, by controlling our wants to make providing for us *easier*—we will do!" avow the children.

Without mawkish sentimentalism — impelled solely by a wholesome desire to restore livableness in life—the members of the family thus determine to pool their interests.

As before, that new purpose, new confidence, new power manifests itself; as before, success results. The little family which had come so very near to being shipwrecked gradually rights itself and eventually finds itself sailing gently once more over the calm waters. The little home, whose foundations had been quivering and superstructure tottering, takes on a new strength, and stands up straight and strong before the wind. The human beings, to whom happiness had seemed unattainable, find Happiness permeating every nook and cranny of the four walls in which they live.

LIFE is that way. In all its many manifestations, a generous regard for others—a capacity for working *with* others—a sound altruism compose the keys to success. What the members of any group, large or small, cannot achieve as individuals they can hardly fail to achieve if they work, play, laugh and love TOGETHER.

Things to Think About Before Building or Buying a Home

A Review of Some of the Standards by Which Our Home-Building Department Shapes Its Conclusions

THE Home-Building Page of BUILDING YOUR FUTURE INCOME has a few definite standards by which it weighs the merits of individual projects.

Readers of the page may find a brief résumé of these standards helpful in interpreting some of the conclusions here expressed. They may also find them helpful in analyzing projects for themselves.

Our Primary Standard

The department's primary standard was adopted as a primary standard not so much because of its inherent importance as because of its frequent ignoring at other hands. It is that **a projected home-building or home-buying proposition cannot be considered in terms of itself alone; instead, consideration must also be given to all the supplemental factors which are capable of affecting it.** In plainer English, the cost of erecting a home, or the purchase price of a home, is not the whole consideration; in addition, there are numerous other factors which play a definite and important part and cannot wisely be ignored.

Chief among these "other factors" is the item of fuel. Every home has to be heated. The cost of procuring fuel for heating nowadays seldom amounts to less than $150 a year. On an average basis, this minimum sum is the equivalent of $12.50 per month. Considering how many homes are "carried," fuel aside, for $60-75 per month, it is obvious that this fuel item is of no mean proportions.

Another of the "other factors" is the item of Repairs. Depending upon the condition of the home at the time of its purchase, or the quality of the material put into a new home, and also depending upon the resourcefulness of the incoming tenant, this item will be large or small. However, it is worth noting that observation has led this Department to gradually increase the average allowance for this repair item, and now it inclines toward setting a minimum figure on it of $100 a year.

Numerous other factors could be cited which, in actual cases, have materially increased the actual carrying costs incurred by the man who moves into a new home. Not the least, by any means, is his transportation expense—an item which, as between city and suburban dwellers, can make a difference of $200 a year, and more.

The Home-Building page realizes that such items as these cannot properly be grouped among "carrying charges." That is to say, it may not be technically correct to so classify them. However, technicalities have little weight on first-of-the-months, so there is not much to be gained from abiding by them here.

How Much Can You Afford?

Another standard of the Home-Building Page is this: **The intending buyer, or builder, cannot wisely assume home-owning obligations where total carrying charges exceed one week's salary** (or income).

The Department advances this conclusion in full knowledge of the difficulty a small-salaried man in the crowded sections of the east would encounter, on this basis, in attempts to locate or erect a livable home. We know that, in the sections referred to, a home even a grade removed from the "model house" is almost certain to cost more, whether to rent or to "carry," than the average-wage earner (and many above the average) receives. This, however, does not alter the case, nor render the old and tried 25%-rule any the less reliable.

Experience through the years has taught that a good three-quarters of one's income must be available for living expenses, etc., over and above shelter charges, if a family is to live decently, keep out of debt and make even small progress toward financial independence. If conditions make it necessary for one to content himself with a less attractive home in order to keep within his 25%-limit, then conditions must prevail. Otherwise, disaster is almost certain to ensue.

THIS ARTICLE TELLS YOU—

1. *What to allow, above actual carrying cost, in a home-building project.*
2. *How to determine what priced home you can afford to buy—or build.*
3. *How to protect your heirs from the mortgage obligations you are forced to assume.*

The Third Standard

A third standard to which this Department subscribes is this: **A bread-winner's life insurance, if he be a rent-payer, should be as substantial in amount as he can wisely afford to make it. And, no matter what that amount may be, he should increase it by the amount of his contemplated mortgage obligations, if he intends becoming a home-owner.**

This, manifestly, is an eminently sound precaution. One who takes out life insurance for the safe-guarding of his dependents would inevitably defeat his purposes were he to assume mortgage obligations without covering them by additional protection. For, in the event of his going, the mortgage would almost certainly be foreclosed, its amount being thereupon deductible from the decedent's estate; or, if it were not foreclosed, it would always be a jeopardy which the dependents would inherit.

There are, of course, many other factors to consider in connection with a home-owning enterprise. The above, however, are the three foremost standards by which this department abides in forming its opinions. Readers may find it interesting, and perhaps a little instructive, to apply these standards in their own cases, or in cases known to them. They will certainly find them more trustworthy than the slip-shod assumptions on which all too many home-building projects are based.

Note: It may be interesting to the many intending home-owners and home-builders who read this page to know that a very thorough-going analysis of the home-buying problem is contained in a new pamphlet study, entitled "How to Own Your Own Home" issued under the auspices of the United States Department of Commerce. The pamphlet analyzes the more important factors by which an intending owner should guide, and also contains complete statistical studies of home-owning costs. Copies are available, at 5c. each, upon written application to the Commerce Department.

What Do Annuities Offer the Investor?

2—How the Joint Annuity Provides for Husband and Wife

By Florence Provost Clarendon

A JOINT and Survivor Annuity is an attractive and desirable investment for an elderly man and wife with no dependents. It provides a regular income during their joint lifetime, and also throughout the remaining life of the survivor of the two. In addition to affording an unusually high interest return on the investment, combined with a guarantee that the income will be paid with unfailing regularity in definite amount, it relieves the recipients from any responsibility in the matter of their income other than that of endorsing and depositing the regular annuity check.

If a man has lived conservatively during his active business life, and is of a thrifty disposition, he should have amassed a reserve fund for modest maintenance as he approaches old age. This is his "nest egg," the fruit of his work in earlier years, the result of prudent self-denial during active manhood in order that his declining years may continue in the comfortable dignity of financial independence. He and his wife can thus live on the income derived from the capital he has built up. The danger lies in the possibility of losses through unwise investments.

Ideal for Elderly Couple

A husband and wife whose children have grown up and become independent of their parents' help should strive to safeguard their resources in order that they may enjoy a peaceful old age with no financial worries. They need long-term investments, extending, if possible, throughout their lifetime. In such circumstances the purchase of a Joint and Survivor Annuity from a sound life-insurance company is especially desirable.

For instance, if the husband is 65 years of age and his wife 60, they can purchase an Annuity yielding an income of $1,000 upon an investment of approximately $13,000. Thus an annual income of $3,000 a year would require a capital sum of less than $40,000. Yet these ages of 60 and 65 are not looked upon nowadays as "old age." If the husband were to continue in business life five years longer, and then, on retiring, invest in a Joint Life and Survivor Annuity, he could obtain an annual income of $3,000 for a considerably smaller sum than that required at the earlier ages. The figures shown in Table I are illustrative.

A Good Form for Two Women

A Joint and Survivor Annuity is a good investment for two women who wish to obtain, with absolute safety, a high interest return on their capital. Two or more sisters, or a mother and daughter could make such an investment most advantageously. As stated in a previous article on Annuities, the purchase price for women annuitants is somewhat higher than for men, owing to the greater longevity of women after middle life, and the consequent necessity of paying the income over a longer period. The rates shown in Table II are illustrative. *(Please turn to next page)*

The Annuity

* * * * * * *

The bargain lookit fair eneugh—
She just was turned o' saxty-three;
I couldna guessed she'd prove sae teugh,
By human ingenuity.
But years hae come, and years hae gane,
An' there she's yet as stieve's a stane—
The limmer's growin' young again,
Since she got her Annuity.

* * * * * * *

I read the tables drawn wi' care
For an Insurance Company;
Her chance o' life was stated there
Wi' perfect perspicuity.
But tables here or tables there,
She's lived ten years ayont her share,
An's like to live a dizzen mair,
To ca' for her Annuity.

* * * * * * *

The Bible says the age o' man
Threescore an' ten perchance may be;
She's ninety-four—let them wha can
Explain the incongruity.
She should hae lived afore the Flood—
She's come o' Patriarchal blood—
She's some auld Pagan, mummified
Alive for her Annuity.

The longevity of the average annuitant is so marked that it has for many years been the subject of good-humored raillery in insurance circles. The above extracts are from verses written by a Scotch advocate about seventy years ago who apparently considered that annuitants can invest their money not only wisely but too well!

TO PROVIDE $1,000 ANNUALLY

Purchase Price of Joint and Survivor Annuity*

Table I—For Husband and Wife

Ages: Wife	Ages: Husband	Purchase Price	Approximate Percentage Return
60	65	$13,100	7.63%
65	65	11,930	8.25
65	70	11,230	9.00
70	70	10,000	10.00
70	75	9,310	10.75

Table II—For Two Women

	Ages	Purchase Price	Approximate Percentage Return
Mother and Daughter	45 and 70	$16,400	6.00%
	50 " 75	15,010	6.66
Two Sisters	60 and 65	13,500	7.25
	65 " 70	11,570	8.50
	70 " 75	9,640	10.25

* The rates quoted are those of an "Old Line" life insurance company of good standing. Figures for annuity returns as given by various companies issuing this form show quite a little variation.

A prosperous business man who is partly or wholly responsible for the maintenance of his parents, could do a gracious and kindly act by bestowing an Annuity on these old people, thus putting a regular income at their disposal.

An interesting point in connection with the purchase of an Annuity has to do with the Income Tax. **Annuitants are not required to pay a Federal Tax on income derived from an annuity until the amount of payments made equals the purchase price.** Thus, in the case of a Joint and Survivor Annuity for $3,000, requiring an investment of approximately $40,000, the income would be free from tax for 13 years, and thereafter the tax payable would be subject to the usual exemptions. This fact invests annuities with a special appeal of obvious substance.

Chat

By a Looker-On

SEVERAL issues ago, The Magazine published an article written by one of our staff members in which he recounted his experiences in a self-undertaken search for a house that would give Baby Bond buyers a "square deal"—that is, a house which would execute orders on a basis not entirely prejudicial to the bond buyer's interests. The writer described the luke-warm reception accorded him in the houses first visited, and then told how, all but completely discouraged, he finally fell upon one firm which offered what he sought.

Since the article was published, great numbers of readers of The Magazine have written in asking for the name of the house which our writer "discovered," and the end is not yet.

All of which is worth mentioning because it demonstrates the very real interest there is in sound investments among persons of limited means—an interest which our better classes of bankers and investment firms could capitalize if they would. As things are, all too many of our less affluent classes are ignored in the financial system, and are left to the mercies of the swindler and the knave.

As one of our staff recently observed, "It is not enough to warn the public against the fakers; if you are really to win them over, you have got to offer them something to take the place of the things the fakers offer."

FOLLOWING publication of the Prize Story by Mrs. I. L. Pifer in our issue of November 24th—a story which emphasized the growing part played by women in things financial—we received a clipping from the *Brooklyn Standard Union*, sent us by Miss G. L. T. Trundy, who is assistant to the president of the Title Guarantee & Trust Company. The clipping contained a most interesting analysis by Miss Trundy of woman's rapidly enlarging sphere in business as well as finance. Thus:—

"The income tax returns for 1920 tell an interesting story of the growing place of women in the world of wage-earners and property owners. Some 503,690 single women paid an income tax in 1920. Their aggregate incomes was 1.2 billions; 132,181 widows with children, or daughters supporting parents, paid taxes on an aggregate net income of $388,364,530; 77,558 married women having incomes separate from husbands made net returns on an income of $534,840,405.

"All women paid income taxes in 1920 to the Government on net incomes totaling $2,188,160,622.

"In 1920, 342,968 wage-earners in the stenographic class paid a tax on $475,640,109, and approximately 79,466 in this class made returns as the heads of families."

From the above, Miss Trundy draws a very pointed conclusion. Says she:—

"It was formerly the idea that men should receive larger salaries than women, because they were heads of families, but the above figures would seem to disprove that statement. These figures were taken by me from the News-Bulletin of the Bureau of Vocational Information, an authentic source, and seem to point out that women are 'carrying on' along with their brothers."

IN a later part of her analysis—discussing women's attitude toward investments—Miss Trundy makes a statement which everyone hopes is true:—

"They (women) will not put their money in risky investments no matter how alluring they may seem. Their entry into the banking world means they will investigate before, not after, they invest; they will put their money where they are sure of the return on the principal; they will not be carried away by high rates; they will safeguard that which they have striven to accumulate."

RECENTLY, a great metropolitan newspaper inaugurated a Home Building page, intended for the information of would-be home-owners.

One read the first article offered with great interest; but was surprised to find that, in the final analysis, it seem to resolve itself into a suggestion that a man earning $60 a week undertake the erection of a home that would cost him $80 a month to carry. Nor, so far as we could find, was there any suggestion that this sixty-a-weeker should protect his family against the hazard of his death by adequate life insurance coverage for his mortgage obligations. Nor, finally, was any emphasis laid on the attendant expenses that go with home-owning and which might jack up the costs in the plan cited even further beyond reason.

Somehow, we feel that if our own Home-Building page does nothing more than continue to pound on the danger of "getting in over your head," it will render a considerable service.

SPEAKING of home-owning, it seems, that some 200,000 copies of a pamphlet on "How to Own Your Own Home," compiled and offered by Mr. Hoover's department in the government, have been distributed already, although the ink is scarcely dry on the pages.

A careful reading of the pamphlet in this office led to the conclusion that there was much solid sense in it and that many intending home-owners would find it very helpful, although at some points it did seem to go into unnecessarily confusing detail.

A feature of the statistical tables contained in the pamphlet—tables which collected the costs involved in home-owning—was the absence of any allowance for Lost Interest, i.e., interest which the

FOLLOWING THE PACK

EACH dog in a pack of hounds runs faster and longer because he sees the others running; and with all our intellectual development, this primary instinct remains. We catch each other's enthusiasm or depression. In any market where the spirit of speculation exists—and it would be hard to name any where it is wholly absent—rising prices once started tend to continue rising until they are obviously too high, and falling prices tend to fall until they are obviously low. And that is the main part of the story of the minor cycle.

—From "A Century of Prices."

home-owner foregoes on the money he uses as a cash deposit. The pamphlet justifies this procedure as follows:—

> "It is also true, nevertheless, that in most cases, savings devoted to paying for a home would not be made if the family continued to rent and had not entered into an obligation to save."

This has a disillusioned ring about it which will appeal to the many who have always allowed for that interest charge, in the past, because it was the "proper" thing to do, but not because they set much stock by it.

THERE is a great need for a central source of information relative to the possibilities and limitations of the Building & Loan idea; also, there is a need for some authority which could be consulted in questions relating to the integrity and reliability of specific institutions.

Since BUILDING YOUR FUTURE INCOME began its crusade, a while ago, on behalf of the Building & Loan certificate as a medium of investment, a constant flow of letters has been directed hitherwards. Indeed, one is almost tempted to assert that there would be no limit to the development of our B. & L's, individually and as a group, if the various associations would get together and launch an educational campaign.

THE association of Life Insurance Presidents by the time this is read will have completed its seventeenth annual convention in New York City, where the usual amenities will have been exchanged relative to the growth of the Life Insurance world. Particularly striking is the report rendered by Vice-President Ecker of the great Metropolitan Life, which traces the tremendous growth in the assets of our life companies from 2 billions of dollars in 1902 to approximately 9½ billions this year. Mr. Ecker does not believe that this phenomenal uptrend is losing strength. On the contrary, he suggests that, two or three years hence, life assets may be increasing at the rate of one billion dollars a year. This would be a sensational contrast indeed with the increase of only 100 million, which was scored in assets twenty-five years ago.

VISIONARY or not, one wonders why the people of Europe, in place of sneering at America's aloofness, do not begin to envy America's peace; why, in place of condemning us for our refusal to be drawn into the trough, they do not seek to emerge from the trough themselves. Of course, it would involve the burial of hates, the adoption of a policy of live and let live, the recognition that, within border lines or beyond them, human wants and human needs are the same the world over; but, after the long series of broken years through which these people have passed, is even so advanced a culmination as this entirely beyond hope?

LETTERS continue to pour into our Insurance Editor's desk—about half of them in the form of inquiries and the other half in the form of appreciation.

Our Insurance Department has been functioning now for several years. During that time it has fastened the thoughts of many thousands of pople upon their insurance needs, and it has actively assisted not a few hundred in the wise selection of insurance coverage.

Something should be said, I think, for the conscientious manner in which the Insurance Department carries on its work. Mrs. Clarendon, who is in charge of the inquiries the Department receives and who is also the writer of most of the insurance articles appearing in these pages, spares no effort in making her replies complete and understandable, and it is not unusual for her replies to run several hundred words in length. The service thus rendered seems particularly commendatory in that the insurance department charges no fee for its advices.

ALL the editors and special writers are oiling up their typewriters, preparatory to emitting the usual seasonal greetings and forecasts for the new year proper at this time, so I am impelled to join the swim with a forecast of my own.

I am free to say that 1924 will be a good year—a prosperous year—a grand year for those who, at the outset of the year, take such measures as are necessary to get themselves out of debt, or out of surroundings which threaten to put them in debt, who lay the groundwork, early in the year, for a wise use of their incoming funds, being careful to provide enough to cover contingencies, and who, during the year, persistently and determinedly live up to their program, allowing nothing short of a natural upheaval to shake them from it. Why not try it?

No!

A Financial Fable

By J. A. van Brackle

A CERTAIN young man learned the first lesson of business which is: *Mind Your Own Business,* and, having done so, found he had prospered.

And he bethought himself of a certain bit of advice which his now deceased father had given him which was, that independence was founded upon investment and investment in turn found its being within savings.

So this young business man considered gravely and decided that he would be independent.

"The first thousand will be the hardest," so had his erstwhile father quoted.

"Let's get the hardest out of the way then," mused this young man. Time passed, as it has a habit of doing, and with its passing the first thousand steadily accumulated.

You see this chap was a good business man, and he had no wife or other extravagant habits—as yet.

So the day arrived when the first thousand lay snugly saved in the vaults of the First National. And the young man who would be independent, sat in his office and thought seriously as to what he should do with that thousand dollars.

And as he thought, as though in answer to prayer, there entered into his business den one whose business it was to give you certificates in exchange for your hard earned and accumulated dollars.

It did not matter to him whether it happened to be the first thousand or the last. Any thousand, or any part thereof looked perfectly good to him.

So this purveyor of certificates got close to the young business man, and, having learned that he desired independence, speedily became a purveyor of independence by way of the certificate route.

Now his proposition looked extremely good. It had to do with some sort of prior preferred stock with sure dividends and a guaranteed future. To sum it up shortly, it was "a business man's investment."

This young business man cautiously decided to "think it over." But the more he thought the better those promises sounded. As a profit-maker it beat thirty-day discounts all hollow. Indeed it made our old friend compound interest look peeked and pale as a go-getter.

To make a long story short, this young business man cast his bread upon the waters—to the tune of $1,000.00 exactly, and the security salesman went on his way rejoicing.

On the strength of the investment, a box in the security vault was rented and became the domicile of a bunch of beautifully engraved promises to pay and assurances of ownership.

That night this business man went to bed and dreamed that his bread was already returning to him, each loaf hitched to a tiny sail, and in the dim distance was independence isle from which other loaves set forth every half-hour. It was a beautiful dream and goes to prove that business men do dream and that not all their dreams are nightmares.

But to return. On the theory that a watched pot never boils, our hero left his safety box strictly alone and went about his business. He even went so far as to save some more money. He knew it was going to be easier for he was now on his second thousand.

The best part of a year rolled around, and the best part of the second thousand rolled up to his credit in the bank. And sure enough, about then in rolled another seller of securities.

"Say, I'm glad to see you," remarked the young business man, "excuse me please, I have important business elsewhere," and forthwith he picked up his straw-hat and left his office.

"That's a new one on me," muttered the salesman, as he picked up his sample case and looked on his list for the next vic—, er prospect, who happened to be a doctor on the next floor.

Straight to the safety vault went our hunter after independence. There he found his prior preferred stocks, looking as good as new. He re-read the beautiful promises and they sounded as good as ever—but none of them had materialized.

By this time he had become acquainted with the man upstairs, known as the President of the Bank.

"I'll ask him about this," he mused to himself.

"What's this," smiled the banker, as he shuffled the crinkly papers, "how much do you think you would like to borrow on it, Bob?"

"Don't want to borrow a cent," returned Bob, that being his name in and out of business hours, "but why don't I get some dividends or the like?"

"Dividends? Why, this stuff wasn't printed to make dividends. It was just made to sell."

"And I'm supposed to be a business man," mourned Bob. "What shall I do about it?"

"Oh," said his banker, and this time the smile was tinged with a bit of unbanker-like sympathy, "take it back to your box and *keep it on top of the pile.*"

"Fair enough," agreed Bob. "Of course, just now it happens to be on the top and the bottom too. But what shall I say if that salesman is still in my office when I return?"

"Just give him the banker's high sign."

"And that is—?"

"*NO.*"

Now the first lesson every investor must learn is the proper use of the very short word—no. And the revised version of that short word is: *No, not until I see my banker.*

So this young business man kissed his first thousand good-bye, and he said to the second, "The last shall be the first," which it was. It took him something like four years to get his name stricken from all the sucker lists which that first "investment" led him into, but he did it by the consistent use of the word—no.

And all of this goes to prove that you can cast your bread upon the waters and never see it return. Likewise, the open sesame to the magic field of real investment is often that short, ugly word by the name of NO.

Your Son and Heir!

He's worth a million to you today

What will he be worth when he's twenty-one?

—Courtesy of the Mennen Co.

Points for Income Builders

Definitions of Some Business and Financial Terms Which Are Frequently Used and Heard

INCOME builders—who, most often, are also business men—might find much that is helpful in a new reference book known as the Standard Business Dictionary, compiled by Dr. Julius Spiegel of the Wilmington University School of Commerce, Accounts and Finance. It is one of the most complete works of its kind, and is additionally valuable in the thoroughness of its definitions, as illustrated by a few excerpts chosen at random and reproduced below.

Jobber

One who buys goods in bulk from the importer or manufacturer and sells to the retailer.

On the London Stock Exchange, a jobber is a member who deals between members of the exchange and not for outside principals or clients. He is practically a wholesale dealer in securities, buying as well as selling.

Joint Stock Company

A company whose ownership is represented by shares of stock. This term is subject to two interpretations: first, the ordinary corporation with shares of stock or, as defined by the General Corporation Laws of West Virginia, "the words joint-stock company include every corporation having a joint stock or capital divided into shares owned by the stockholders respectively"; second, an exaggerated form of partnership, the participants in which do not own shares of stock, but certificates showing their joint interest in the concern or company. Holders of this form of certificates are personally liable for the debts of a concern the same as in a partnership, and they have not the limited liability of the shareholders of the ordinary corporation. A partnership of this kind does not end by the death of a member, nor has each certificate owner the right to transact business for the concern as in an ordinary partnership.

Scaling Down

Cutting down or reducing proportionately or on a scale, as "scaling down interest."

If a company has two or more issues of bonds not bearing the same rate of interest and in a reorganization of the company or a refunding of its bonds the rates of interest on the bonds are reduced proportionately, the operation of reducing the interest is called scaling down the interest. The term "scaling down" does not apply when there is only one issue of bonds upon which the rate of interest is to be reduced, unless the rate of interest on this issue is to be reduced a certain amount at the end of each successive specified period. If the rate of interest on a single issue of bonds is simply made lower without provision for a further lowering, the operation is described as reducing or cutting down the interest.

If a company which has two or more classes of stock lowers the dividends on them proportionately, the operation is described as scaling down dividends.

Fire Insurance

The indemnification of the owner of property (called the insured) for direct loss by reason of fire in consideration of the payment of a specified sum (premium) to the one indemnifying (called the insurer). By direct loss is meant damage caused by the fire, by the smoke of the fire or incidental damage that may be done, as by the use of water in putting out the fire. Qualifying clauses in the policies determine the amount of insurance carried as compared with the value of the property insured. Thus, a policy with the 80 per-cent clause means that the property must be insured for 80 per cent of its value. Full value will be paid for any loss within this amount.

Wall Street

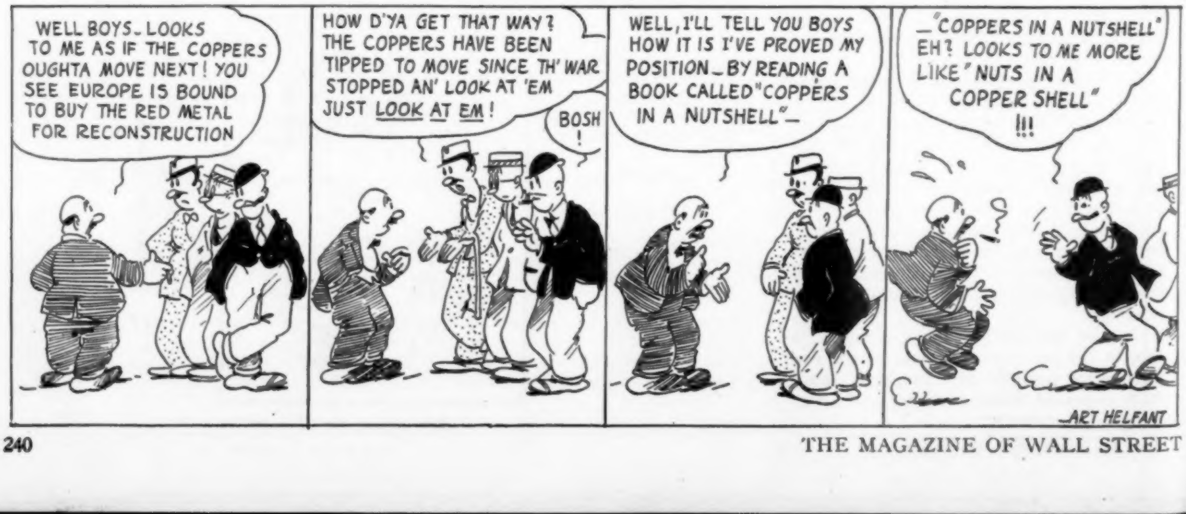
"The business pulse of the nation." Financial New York, meaning not only all that section where matters of finance are transacted (not literally Wall Street itself), but also the men engaged in the management of such matters.

The name Wall Street arose from the fact that in the 17th century, when New York was settled by the Hollanders and known as New Amsterdam, there was a stockade, or wall, built across Manhattan Island near what is now Wall Street. This was to protect the inhabitants from Indian attacks.

What do you want to know? What is your home-building problem? Your insurance problem? What type of investment are you seeking?

BUILDING YOUR FUTURE INCOME stands ready to help you solve any personal financial problem which you may have. The consultation fee is a two-cent stamp. "An ounce of prevention is worth a pound of cure."

Nuts in a Coppershell



Mining

Camouflaging Copper Earnings

Why Many Copper Companies Can Pay Handsome Dividends Despite Apparently Mediocre Incomes

By A. T. MILLER

INVESTORS interested in the coppers have perhaps wondered how a company like Anaconda, which showed a big deficit in 1921, and only a little more than $1.00 a share earned last year, could go on a $3 dividend basis early in 1923. Or how Cerro de Pasco could go back on a $4 dividend basis this year, when net income for 1921 showed a deficit of $2,692,000, in round figures, and the results for 1922 were equivalent to only 30c a share earned on the outstanding capitalization.

Some explanation for this interesting financial phenomenon may be found in the copper market for 1923. In the first quarter of the year, the metal rose sharply; in fact, there was an incipient boom in copper. By the middle of April, however, the rise petered out and until November the metal sagged slowly and drearily, making a low level, before the November recovery, of about 12½c a lb. As a whole, then, the year has been a disappointment to the copper producers, and there is nothing in sight at this writing to indicate any immediate considerable advance in copper.

Considerable headway has been made by the copper producers during the last few years in the matter of the reduction of overhead, especially by those companies dependent upon large outturn for low costs. But neither of the aforementioned factors supply the answer to the problem of how many of the leading companies are able to pay handsome dividends in the face of apparently mediocre earnings.

Depletion and Depreciation

The real answer is that the present accounting methods now employed by the large companies produce results which cannot fairly be compared with the results of other years. This refers in particular to the matter of depreciation of plant and depletion of ores.

Before the days of the porphyry producers, and especially before the days when Federal and State taxes lay heavy upon the neck of industry, few mining companies charged plant depreciation and fewer still charged depletion of ores to earnings.

In the case of most mining properties, it was held, it was impossible to determine the life of the ore-bodies, which might last ten years or a hundred, and hence any depletion charge would be founded purely upon guesswork. In the matter of a manufacturing concern whose life is theoretically perpetual, there was an objective in depreciation, and that was to establish a fund to rebuild or recreate a plant when it had become obsolete. A smeltery or a refinery, on the other hand, became practically useless when the ores of its mines played out. What was the point, therefore, in setting aside funds which might never be needed or never be used?

With the coming of the porphyries and their measurable ore bodies the advocates for mining depletion gained a new impetus for their side. The subject, however, was generally one of academic interest, and copper stockholders as a whole were told that they (*Please turn to page* 281)

EARNINGS OF FIVE LEADING COPPERS BEFORE AND AFTER DEPRECIATION AND DEPLETION

CERRO DE PASCO
(Pays Dividend at Rate of $4 Annually)

	Net Before Deprec. and Deplet.	Equivalent Per Share	Net After Deprec. and Deplet.	Equivalent Per Share
1917	$7,370,000	$7.37	$2,079,000	$2.98
1918	6,395,000	6.39	236,000	.27
1919	5,690,000	5.69	2,284,000	2.54
1920	4,191,000	4.19	618,000	.69
1921	2,405,000	2.40	*2,692,000	....
1922	4,595,000	4.59	273,000	.30

* Deficit.

ANACONDA
(Pays Dividend at Rate of $3 Annually)

	Net Before Deprec. and Deplet.	Equivalent Per Share	Net After Deprec. and Deplet.	Equivalent Per Share
1914	$9,636,000	$4.13	$8,790,000	$1.89
1915	18,596,000	7.97	16,696,000	7.16
1916	57,936,000	24.85	50,823,000	21.80
1917	39,720,000	17.04	34,333,000	14.73
1918	26,907,000	11.54	20,803,000	8.92
1919	8,032,000	3.44	5,104,000	2.19
1920	6,992,000	2.99	2,692,000	1.15
1921	*14,864,000	....	*17,000,000	....
1922	6,519,000	2.17	3,919,000	1.18

* Deficit.

CHILE COPPER
(Pays Dividend at Rate of $2.50 Annually)

	Net Before Deprec. and Deplet.	Equivalent Per Share	Net After Deprec. and Deplet.	Equivalent Per Share
1916	$2,709,000	$0.71	$1,936,000	$0.50
†1917	5,336,000	1.40	3,625,000	.95
†1918	5,615,000	1.48	3,482,000	.91
†1919	*869,000	....	*2,225,000	...
1920	4,945,000	1.30	286,000	.07
1921	*1,123,000	....	*5,446,008	...
1922	4,748,000	1.24	*962,000	...

* Deficit. † After depreciation, but before depletion.

MIAMI COPPER CO.
(Pays Dividend at Rate of $2 Annually)

	Net Before Deprec. and Deplet.	Equivalent Per Share	Net After Deprec. and Deplet.	Equivalent Per Share
1913	$1,539,000	$3.84	$1,365,000	$1.75
1914	1,367,000	3.41	1,232,000	1.65
1915	3,585,000	7.99	3,409,000	4.56
1916	8,000,000	10.77	5,429,000	7.27
1917	5,242,000	7.01	3,204,000	4.29
1918	5,837,000	7.81	2,990,000	4.00
1919	2,172,000	2.97	*312,000	....
1920	3,508,000	4.69	1,414,000	1.39
1921	952,000	1.27	*1,104,000	....
1922	2,348,000	3.14	*196,000	....

* Deficit.

KENNECOTT
Pays Dividend at Rate of $3 Annually)

	Net Before Deprec. and Deplet.	Equivalent Per Share	Net After Deprec. and Deplet.	Equivalent Per Share
1916	$27,885,000	$9.29	$27,662,000	$9.22
1917	17,964,000	5.98	11,545,000	4.14
1918	13,774,000	4.59	7,127,000	2.56
1919	3,717,000	1.23	447,000	.16
1920	5,247,000	1.74	1,469,000	.52
1921	2,523,000	.84	*290,000	....
1922	6,163,000	2.05	804,000	.29

* Deficit.

Public Utilities

Consolidated Gas Co.

The Situation in Consolidated Gas

Purposes of the Latest Stock Offering—What the Company Is Likely to Earn This Year

THE current offering by the Consolidated Gas Co. of New York of 600,000 shares of new common stock at $50 a share has occasioned no surprise. Besides being a step which had been generally anticipated in itself, it accords with the accepted trend in this as well as other utility companies of regularly adding to plant to meet increased demands upon output. Prior to this financing, the replacement value of the Consolidated Gas Company's properties was estimated at close to three quarters of a billion dollars, and the fact that new enlargements are deemed necessary despite this great plant investment, is an interesting commentary upon the scope of the field it serves.

The Company's Growth

Consolidated Gas Company's growth in recent years has been very consistent, except for a slight setback in gas sales in 1921. As shown in the table herewith, the gas sold in 1922 totaled 37.4 billions of cubic feet, or some 27% more than in 1916, while sales of electric power increased almost exactly 100% in the same period, or from .67 billion kilowatt hours to 1.34 billion.

Due to restrictions placed upon it by the public authorities in the matter of rates, the company was unable until last year to benefit from the growth in volume of its gas business. The increased sales were more than balanced by increased costs, as instanced for example by the advance of almost 150% in the price of anthracite coal, of about 100% in bituminous coal, 100% in gas oil, and similar upswings in all the other commodities essential to gas manufacture. As a favorite target for political attack, and under a city régime whose favorite play was hostility toward "the interests," Gas was consistently prevented from compensating itself for increased costs by advancing its rates, and its results, therefore, did not reflect the great growth in volume of business handled.

In 1922, for the first time since 1916, the company was permitted to charge rates high enough to enable it to make a fair return on its invested capital, and a subsequent Supreme Court decision, upholding its right to this fair return, should protect the company against any further unfair restrictions upon its earning powers.

Why the Stock Sale?

The offering of 600,000 shares of common stock, if entirely taken up—as it almost certainly will be—will put a total of 30 millions of dollars in new money in the company's hands. According to the board of trustees, the funds so produced will be used to provide for the discharge of current obligations and for the reimbursements of the treasury for money expended out of income for the acquisition of property and for the construction and extension of plants and distributing system of the company and its subsidiaries. These expenditures, as noted above, have been necessary because of the continuous growth and expansion of the City of New York, and of the total amount, approximately 85% was spent on extensions to the electric properties. It is noteworthy that, in the period from 1916 to 1922, capitalization of the Consolidated Gas Co. has increased about 148%, and total sales of gas and electric power have increased about 130%.

Consolidated Gas Earnings

An analysis of the company's probable earnings showing in the current year, on the basis of the increased stock to be outstanding, results favorably. The cost of producing a thousand cubic feet of gas, which was estimated some months ago at 68½c. has probably declined, since gas oil and coal—two of the more important items in costs—have moved downward. Also, consideration should be given the substantial increase which will undoubtedly be shown in the company's sales—an increase which, it is expected, will exceed the normal rate of increase for the last seven years because of the extensive plant additions recently effected. Allowing, however, for an increase of only 10% in electric sales for the year and of 5% in gas sales, and assuming no reduction in gas costs from the 68½c. figure noted above, or in cost of electric sales from 1922, it is found that net earnings available for interest on the funded debt would amount to approximately 34.5 million dollars, after taxes. Other income, it is estimated, will amount to approximately 2.7 millions, bringing the total income up to 37.2 millions.

With interest charges for the current year amounting to about 5.7 millions and preferred dividends of about 1 million, a balance would be available for the common stock of about 30.5 millions. On the basis of 3 million shares outstanding, this sum would be the equivalent of over $10 a share, compared with $7.30 a share last year. On the basis of the increased stock to be outstanding (3.6 million shares) earnings would be equivalent to about $8.40 a share.

CONSOLIDATED GAS SALES

	GAS (Billions of Cubic Ft.)	ELECTRIC POWER (Billions of Kilowatt Hrs.)
1916	29.4	.67
1917	30.8	.75
1918	33.0	.76
1919	33.0	.87
1920	37.8	1.09
1921	36.3	1.19
1922	37.4	1.34

The Company's Treasury Position

The treasury position of the Consolidated Gas Co. was satisfactorily strong at the close of 1922. Current assets at that time totaled 45.9 millions, of which 13.8 millions was in cash and 18.9 millions in receivables, the balance consisting of materials and supplies. Current liabilities, consisting of accounts payable and accrued charges, totaled 14.8 millions. With the 30 millions of cash derivable from the new common stock sale, this financial showing will be further strengthened.

The new stock offering by Consolidated Gas is on the basis of 1 new share for every 5 old. The stock purchased at 50 returns 10% on the investment which is an obviously attractive return on a security of its merits. If purchased at the market, the stock would yield slightly over 8%.

With the company's indicated earnings for the current year as good as they are; with the rate question, while not yet out of politics, at least somewhat removed from politics by the Supreme Court decision; with the company in a strong treasury position, the shares, at the prevailing level are attractive.

A Utility Whose Affairs Do Not Seem Wholly Prosperous

Am. L. & T.'s Greatly Increased Capital and Somewhat Diminished Earnings

AMERICAN LIGHT & TRACTION may gradually improve its results in the future. Judging from an analysis of its 20-year record, however, it would seem to have about reached its growth, at least for the time. Hence, the shares do not seem to offer any particularly engaging opportunity for investment at the current price of 121.

The company's interests are widely flung. In Detroit, St. Paul, Milwaukee and San Antonio as well as in a number of lesser cities, it controls operating companies; and the activities of these companies, in turn, are diversified between gas, electric light and power and traction. With this diversification in its favor, a certain amount of stability ought to characterize the holding company's earnings.

In the period from 1904 to 1916, the company enjoyed a steady and substantial growth in its earnings results, as the first section of the attached graphic display shows. This upward tendency was reflected in the market value of the common shares, which mounted steadily despite large increases in the outstanding common capital that were effected through yearly disbursements in stock-dividend form.

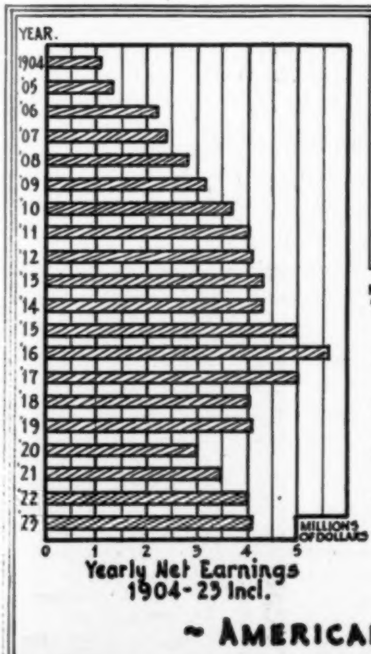
In succeeding years, however. American Light & Traction's results declined considerably; and, although they have recovered slightly since 1920, there is still quite a gap between the showing thus far this year and that for the year 1916.

A factor of probably great importance in this holding company's diminished results in recent years has been the less satisfactory showing of its gas department. American Light & Traction derives about three-quarters of its revenue from this field; of this proportion, the larger percentage is contributed by the Detroit Gas Co.—a $15,000,000 corporation serving a population of about 1,200,000 persons. In 1917, the Detroit subsidiary secured gross earnings of 6.6 millions. In 1920, the earnings from this source exceeded 9 millions. In the last two years, however, they have been considerably less, judging from the record of gross earnings for Detroit City Gas of 8.6 millions in 1921, and 8.6 millions in the 12 months to May 31st, 1922. How much of the decline in American Light & Traction's gas revenues may be attributed to rate reductions imposed by controlling commissions is, of course, doubtful; it may be noted as entirely pertinent, however, that a cut of 6 cents per thousand cubic feet was enforced in Detroit in February, 1922.

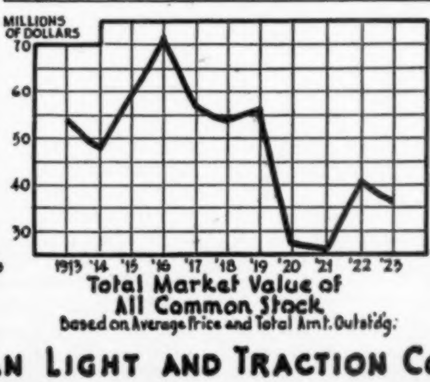
On the basis of its original capitalization, American Light & Traction's recent and current results would be accepted as more than satisfactory. In 1909, the company's common stock outstanding totaled only $10,344,000, and net earnings for that year, before small preferred dividends, substantially exceeded $3,500,000.

Since 1909, however, this company has pursued a policy of annual stock distributions; and the effect of these distributions, illustrated in the third section of our graph, has been to pyramid the common capitalization from its original $10,344,000 to no less than $30,326,000. In other words, the amount of American Light & Traction common stock outstanding today is almost three times what it was fourteen years ago. In addition, recent years have seen the holding company forced to go into the market for new financing, and, although its funded debt has been cut in half since 1920, there is $3,000,000 outstanding now which was not outstanding before.

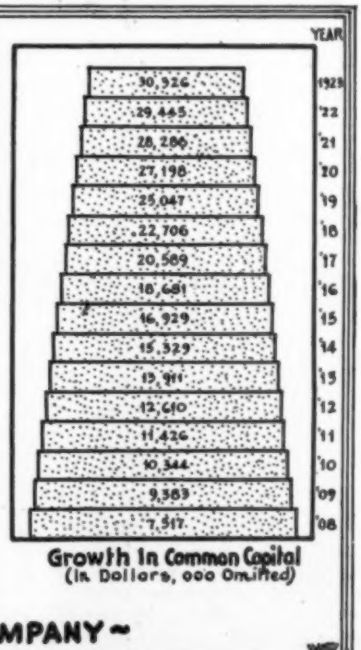
In the effort to determine what American Light & Traction's earnings resources are, one fairly accurate method is to average its results for the last 20 years. Doing so, it appears that the company has scored average yearly net earnings, in the period from 1904-1923, inclusive, of $3,500,000. At the present time, the company has 303,260 shares of common stock outstanding. Thus, after deducting preferred dividends from the above average figure, it is interesting to note that its average return, for the 20-year period indicated, has been the equivalent of about $8 per share on the existing common shares. Although this is not an entirely unsatisfactory figure by contrast with the current *cash* dividend rate of 4%, it is not wholly good when the current 4% *stock* dividend rate is also considered.



Yearly Net Earnings 1904-23 Incl.



Total Market Value of All Common Stock
Based on Average Price and Total Amt. Outst'dg.



Growth In Common Capital
(In Dollars, 000 Omitted)

~ AMERICAN LIGHT AND TRACTION COMPANY ~

Petroleum

Is the Powell Field Still a Menace to Oil Industry?

Latest Boom Oil Field Shows Signs of Speedy Decline—Big Oil Companies Raise Price of Powell Oil—Prosperity in Industry Predicted by Spring

By J. F. FIELDING

JUST as the southern California boom fields began to decline last summer, the Powell field of Texas began to deluge the market with crude oil. The accompanying article tells the astonishing story of the development of the Powell field and explains why the outlook for the oil industry is brighter than for many months past.

AT length the oil industry commences to glimpse fleeting patches of blue in the dark mantle of gloom which has hung over the oil situation for the last eight months. As yet the blue is more psychological than actual. But there is a very pronounced opinion that the worst of the overproduction period has passed and that from now on the industry will show a steady improvement.

Two monkey-wrenches were thrown into the oil works this year. The first was the great flush production of three big producing fields in southern California: Sante Fé Springs, Long Beach and Huntington Beach. Towards the end of August it appeared that the southern California production had passed its crest. The oil industry had begun to breathe easily once more when suddenly the Powell field of Texas began cascading another great flood of crude oil on a weary oil market.

Powell Little Known a Year Ago

Oil predictions are about as dependable as Texas weather. A year ago the name Powell was scarcely known outside of the borders of Navarro County in east-central Texas, where the little town of Powell is situated. The nearest city is Corsicanna, lying a few miles to the west of Powell. Corsicanna numbers about 15,000 inhabitants and is about 100 miles east of the town of Ranger, where the great Texas oil boom began.

Eight months ago the Powell field was regarded as a "bloomer." A little group of oil wells had been dug south of the town and had gone to salt water. A 10,000-barrel gusher had "blown up." If you had told a native that within seven months the field would be producing more than 300,000 barrels daily he would have regarded you with pity.

On May 23 the J. K. Hughes Development Co. brought in its No. 1 well on the McKie farm. The birth of the Powell field was christened with death, for the well caught fire and snuffed out the lives of fourteen men. It produced between 5,000 and 10,000 barrels daily.

The great Powell oil boom was on. Other wells followed, and by June 20 the field was producing 11,400 barrels daily. Another week saw production up to 45,300 barrels daily, and by the end of the month the field's 14 wells had a potential production of 70,000 to 75,000 barrels daily, with three wells pinched on.

The name Powell began to be noised about, but the attention of the oil world was focussed on California and the Powell field was not taken seriously outside of trade circles.

The insiders knew and were busy. By July 14 twenty-three wells with casings set were ready to drill in, fifty-two were drilling and twenty-nine had derricks up, to say nothing of scores of "wildcats" scattered everywhere. And all this in the face of the greatest overproduction of oil experienced since the Cushing field kicked the staves out of the oil market nine years ago. One authority called the development of the

Powell field "industrial madness."

Big Companies Interested

One reason for the high-pressure development of the Powell field was the fact that many of the companies operating there were large buyers of outside oil. The more important companies interested in the field are Magnolia Petroleum, Humble Oil, Gulf Production, Atlantic Oil, Texas Co., Roxana Petroleum, Humphreys Oil, Skelly Oil and the Sun Oil Co.

Before the middle of August production had passed the 100,000-barrels daily mark, and before the middle of October the 200,000-barrels daily mark. Since then it jumped rapidly and thrice the weekly average output has crossed the 300,000-barrels daily mark.

In less than six months the Powell field has broken all production records east of California. From a sleepy little cotton town Powell has become an oil-boom city, with a small wooden jail built in case the oil boys "get too gay."

On the first of November there were 77 wells with pipes set waiting for a favorable moment to be drilled into the oil sands. In addition, 104 wells were going down.

COMPANIES INTERESTED IN THE POWELL FIELDS

Magnolia Petroleum
Humble Oil
Gulf Production
Atlantic Oil
Texas Company
Roxana Petroleum
Humphreys Oil
Skelly Oil
Sun Oil Co.

Regarded as a Shoestring Field

Notwithstanding its amazing record, Powell is regarded as a "shoestring" field. Its oil is apparenly within the borders of a "golden lane" about six miles long and about a mile and a half wide at the maximum width. The southeast boundary of the field has not yet been determined, and in oil all things are possible. Yet the general belief is that the limits of the field as a whole have been fairly well defined.

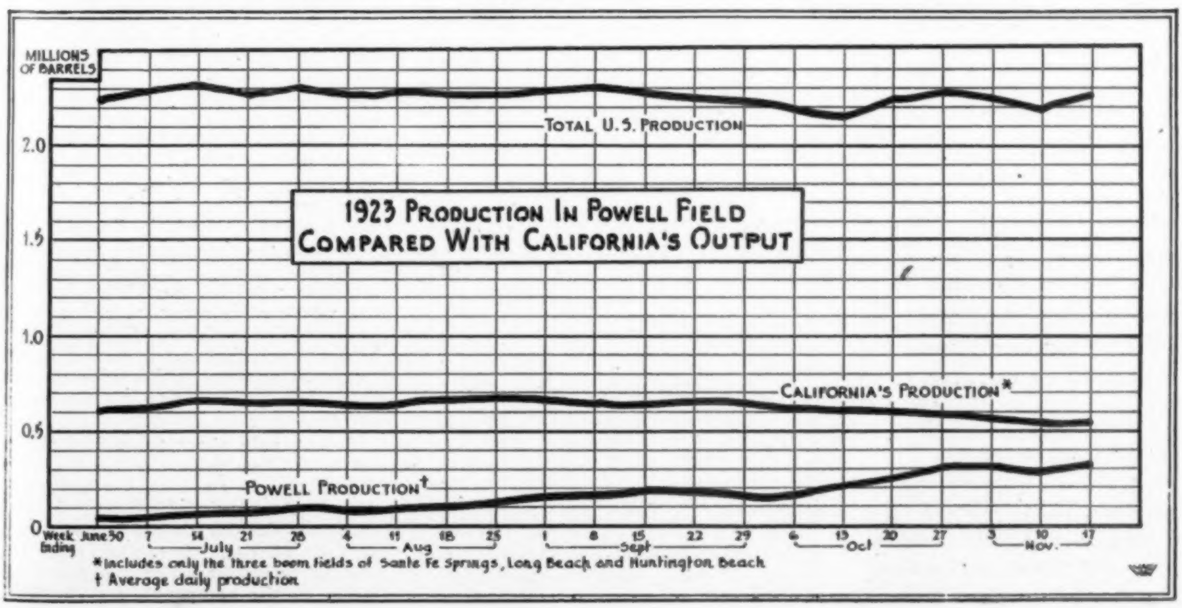
It takes a little less than a month to put down a well in this territory and costs about $18,000. The grade of oil produced is exceptionally good. No. 1 McKie showed 29% gasoline and 13% kerosene. All the wells produce oil with better than 37 degrees gravity. There is a heavy gas pressure on the field so that pumping is unnecessary. Most of the wells fall off quickly and a number quit flowing entirely within 30 days.

The wells are closely drilled, averaging about 300 feet apart, which gives each well about 5 acres to tap. In the Cushing field, whose high record for several days was 300,000 barrels, the wells tapped on the average about ten acres apiece.

About half of the wells in this field are now showing salt water and B. S., or basic sediment. There appears to be only one direction in which the field can extend, and it is not expected that extension in that direction will be considerable. *Oil experts are unanimously of the opinion that the big production cannot continue very long and that when the decline really starts in its course will be speedy.* In other words, Powell is regarded as a "shoestring" field and one whose effect on the oil markets and the oil situation will be temporary. Some predict that by January 1 next production in the Powell field will be down to 100,000 barrels daily.

Turning to the graph which accompanies this article, one perceives that the peak of U. S. oil production for the current year was reached for the week ended July 14, when the total was 2,320,518 barrels. The three southern California gusher fields made their high record for the week ended August 25, with a total of 672,000 barrels, while the week ended November 17 was high for the Powell field with 328,000 barrels. California's boom fields have definitely fallen off and Powell is

(Please turn to page 276)



Is Texas Co. Planning to Issue New Stock?

Reports of New Financing—Strong Development of Company—Investment Estimate of Company's Stock

By OLIVER P. JONES

REPORT that the Texas Co. is contemplating the issue of $25,000,000 new stock has been neither officially confirmed nor denied up to the time this is written. The very fact, however, that the company declines to deny or affirm the rumor indicates that it is more than a figment of a financial reporter's imagination. According to the report, the company has between 24 and 25 millions of bank loans against a bank line of about 60 millions, and the purpose of the stock issue will be to clear up the present bank loans, leaving the full line of 60 millions to meet the present exigencies in the oil situation and future requirements.

Owing to its strong position in the oil industry and its successful record as an earner, the Texas Company is one of the fortunate concerns which, if it desires, can finance by issue of stock instead of bonds or notes. The company has only approximately $3,200,000 of 5% serial notes outstanding, due $800,000 annually, January 1, 1924 to 1927, and no bonds or preferred stock.

There is an authorized issue of $164,450,000 stock all of which is outstanding, par $25, and at the present time the company is paying 12% dividends on par, or $3 per annum. A further issue of stock would, therefore, necessitate the calling of a special meeting of the stockholders to authorize an increase in capitalization, as the regular annual meeting does not fall until the third Tuesday in March.

Texas is primarily a producing, refining and marketing concern, and, through its ownership of the Texas Pipe Line Co. of Texas and the Texas Pipe Line Co. of Oklahoma, controls pipe-lines in the Texas, Oklahoma and Louisiana fields. The company owns and leases in Texas, Louisiana, Oklahoma and Kansas, Wyoming and Mexico oil lands with a total daily production of about 75,000 bbls. of oil. Texas also operates 16 gasoline plants running on natural gas and producing about 100,000 gallons daily, in Oklahoma, Louisiana and Texas. In addition, it has refineries situated at Port Arthur, Port Neches and East Dallas, Texas; Casper, Wyoming; West Tulsa, Oklahoma, and Lockport, Ill., with topping plants at Norfolk, Va., Marcus Hook, Pa., Providence, R. I., and Ardis, La. These plants have a combined daily still capacity of 116,500 bbls.

TEXAS COMPANY

GROWTH OF WORKING CAPITAL

	(As of Dec. 31)	% of Working Cap. to Gross Earnings
*1917	$44,000,000	80
*1918	64,000,000	79
†1918	64,000,000	143
†1919	71,000,000	68
†1920	117,000,000	81
†1921	122,000,000	118
†1922	111,000,000	84

* As of June 30. † As of Dec. 31.

The company controls the Texas Steamship Co., the Texas Co. of Mexico and is interested in a number of foreign companies. In addition to its producing, refining and transportation facilities the company maintains a large marketing organization with 700 distributing stations in the United States, exclusive of gasoline filling stations. It also maintains warehouses and other marketing facilities in nearly every country in the world where American oil reaches. The Texas Co., therefore, is a well rounded organization engaging in all the important steps connected with the moving of oil from the ground to the consumer.

The great growth in the company is indicated in the following table showing the increases in gross earnings from 1913 to 1922 inclusive:

Gross earnings
Years ended December 31:

1913	$25,883,000
1914	25,924,000
1915	26,392,000
1916	37,708,000
1917	54,339,000
1918	80,261,000
*1918	44,522,000

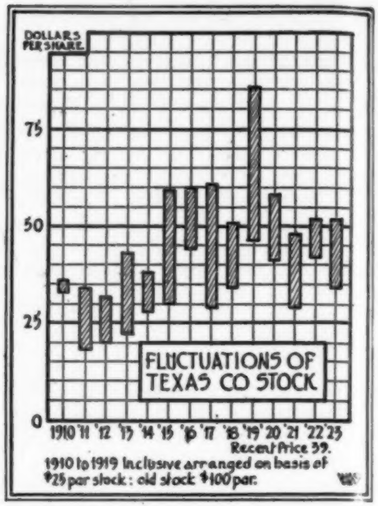
Years ended June 30:

1919	$102,986,000
1920	142,806,000
1921	102,605,000
1922	130,997,000

* Six months ended December 31.

Although the company's business has expanded tremendously, especially in the last four years, its working capital has been well maintained as shown by the table which gives the percentage of working capital to gross earnings. Texas Co. has shown handsome earnings on its stock, to wit:

Year	Earned on Capital Stock ($100 par)
1913	$24.68
1914	20.62
1915	21.31
1916	41.49
1917	43.51
1918	33.06
1918	12.68
1919	24.20
1920	28.66
1921	6.17
1922	24.68



Figured on $25 par, earnings for the last three years, 1920, 1921 and 1922, respectively, were $7.16, $1.54 and $4.04.

Texas Company's last balance sheet showed cash in excess of 14 million and inventory totaling slightly in excess of 85 millions. The latter item, while considerable, is not the largest in the company's history. Profit and loss surplus stood at 94.4 millions as of December 31, last.

It would appear, then, that if the company decides to issue more stock, it will not be because it is financially straitened, but rather to strengthen its position in a trying time in the oil industry. Moreover, the company is constantly extending its activities, and its earnings, though large, are probably not sufficient for all its expansion plans. For instance, it was reported earlier in the year that the company would expand its retail trade by the establishment of 1,500 filling stations and would take up 51% of the Carib Syndicate stock which it had under option. The Carib Syndicate has, roughly, 8,000,000 acres of oil lands in Colombia and Venezuela, and the company's president is Clyde A. Heller. It is of incidental interest to note that the Heller interests are mentioned in recent cable despatches in connection with the German industrialist, Hugo Stinnes. According to the report Stinnes and Heller plan to join forces in a combination to fight the Standard Oil.

Selling only about ten points above its record low price the stock of the Texas Co. is an attractive specvestment. At 39 it yields 7.6%. If the company decides on an increase and further offering of capital stock, it should be accompanied by rights of value to the company's stockholders.

Slick Stock Salesmen Need Not Apply in Pittsburgh

A Story of How the Steel City Got Rid of Fake Stock Salesmen Only to Be Confronted by a New Problem

By WILLIAM H. BARBOUR

Of The Investors' Vigilance Committee, Inc.

TO you who have not seen the fantastic beauty of Pittsburgh's steel industries at night—a glowering background of smoke and flames breaking off into balloons that shoot into the heavens and against this weird background of belching fire the silhouetted figures of industrial fighters stripped to the waist—a picturesque feast is promised. But, it is not of the Pittsburgh whose 3,500 industrial plants annually turn out products aggregately valued at $1,500,000,000 and whose more than 200,000 industrial employees receive daily for their labor $1,000,000; or of the many municipal improvement projects that have been carried out, that we are now writing.

Some years ago the country was confronted with a serious typhoid fever problem. Pittsburgh's worry, in this respect, was particularly aggravating. When its public officials fully realized the city's abnormally high typhoid rate, a scientific, but feasible program was formulated and executed with the result that today the city that proudly boasts of its slogan "Pittsburgh Promotes Progress," is held up by Health Department officials of the country as an outstanding demonstration of what a community can do in health-crusade work.

Three or four years ago Pittsburgh officials awoke to the realization that a different problem confronted their city: Not one affecting the health of the people, but their pocketbooks—stock slicksters were running rampant. This called for a different method of attack.

A Loss of Millions

An official survey disclosed the fact that stock-selling concerns to the number of two hundred and fifty-one, represented a capitalization, in the total, of two hundred million dollars, all of which had been offered to the Pittsburgh public. It is stated, officially, that not a single share of this vast capitalization was listed on any recognized stock exchange, and that not more than 5% was ever dealt in upon any curb market. In short, the officials learned to their great suprise that practically none of the two hundred million dollars offered to the people of Pittsburgh had any real value as to marketability and actual security.

This survey covered the whole realm of speculative stock. An ordinance creating what was to be known as the Bureau of Securities was enacted, and, during the two months that it was operative, accomplished real results. Its existence was cut short by an injunction issued by the Allegheny County Court of Common Pleas.

Municipal supervision of stock-selling seemed to be dead. However, the idea, demonstrated by the Bureau of Securities during its brief existence, was still very much alive. An intensive educational campaign followed. The support of the Pittsburgh Chamber of Commerce, Pittsburgh Stock Exchange, the banks and trust companies and various civic bodies was easily obtained and the preliminary campaign resulted in the presentation of the findings of the Bureau's investigation to the Grand Jury. The Grand Jury returned forty-two indictments at one time. Stock salesmen quickly ran to cover.

But the city did not rest its case. A new ordinance, believed to be constitutional in every respect, was passed and the position of Special Assistant to the Director of the Department of Public Safety was created. His duties were similar to those of the Superintendent of the Bureau of Securities which had been enjoined. I. L. Gillespie was appointed to the newly created position, he having served as Superintendent of the Bureau of Securities, and, therefore, was well equipped for the position.

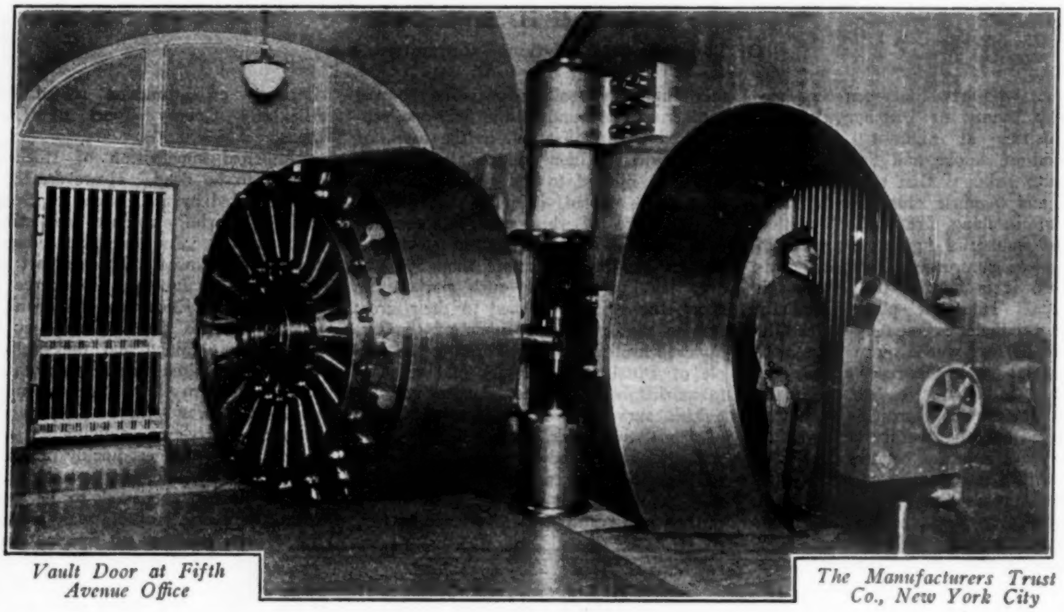
Those interested in the campaign to rid Pittsburgh of the smooth-tongued stock salesmen had prepared and presented at Harrisburg, during the 1921 Legislature, a Blue Sky Law. The bill, unfortunately, died in committee. Defeated at the capital, the Department of Public Safety turned its attention to drafting a more stringent local ordinance, which was passed in July of that

(*Please turn to page 264*)

WHY YOU SHOULD SUPPORT THE I.V.C.

The I.V.C. (Investors' Vigilance Committee) operates in co-operation with THE MAGAZINE OF WALL STREET *and with Chambers of Commerce throughout the country in stamping out frauds, fakes, swindles and bamboozlements in the stock-selling game. For the purpose of presenting regularly the work of the Committee, these pages are donated by The Magazine. While the statements herein are not guaranteed, they are based upon information which we believe to be accurate and reliable.—Editor.*

IN THE BANKING WORLD



Vault Door at Fifth Avenue Office

The Manufacturers Trust Co., New York City

Conducted by

H. Parker Willis

Discussions of Current Problems and Reviews of Recent Events Conducted in the Interest and for the Use of the Banker Readers of THE MAGAZINE OF WALL STREET

Mr Willis Was Formerly Secretary of the Federal Reserve Board Later as Director of the Bureau of Analysis & Research. He Developed the Board's Present National System of Financial Reporting

How Far Should a Bank Go in Soliciting New Business?

An Analysis of What New Business-Getting Entails—How Much It Should Cost

WITH the increasing intensity of competition in the banking business and with the growth of effort to get deposit accounts, the question whether some organized form of new business exploitation may not be worth while is becoming more and more pressing issue with a good many banks. The older view of banking was strongly against the idea of business solicitation. Even today, British bankers of the more conservative sort object to it, just as they object to solicitation on the part of lawyers or physicians. That idea, however, is passing out of acceptation, and, in lieu of it, there is a growing disposition to pursue a regular system or plan of new business development. In this, the new business department has an important office to perform.

Number of Departments

The number of banks which have a fully organized new business department with a corps of solicitors is still small, but it is estimated that among the city banks of the larger class the proportion which now operates such a department may be from one quarter to one half of the total. Exactly how many staff members or how much money for solicitation may be given to such departments is another moot question. Inasmuch as the problem of new business getting is still under development, conclusions on the subject must be taken as purely tentative and simply as representing the trend or drift of opinion among fairly well qualified observers. In the first place, the disposition is to estimate the cost of getting deposits and their value to the bank. In former articles it has been shown that perhaps $4 per $100 of deposits may be taken as the cost of operation. If we take $6 as the average return to be obtained from loans it is clear that a unit

"With the increasing intensity of competition in the banking business and with the growth of effort to get new deposit accounts, the question whether some organized form of new business exploitation may not be worth while is becoming more and more a pressing issue with a good many banks."

"The number of banks which have a fully organized new business department with a corps of solicitors is still small, but it is estimated that among the city banks of the larger class the proportion which now operates such a department may be from one-quarter to one-half of the total."

of new business cannot cost more than $2 (per annum) without being a loss to the bank rather than a gain. In this computation too, it is to be borne in mind that the "deposits" spoken of are deposits of new funds and not deposits which are obtained by granting loans. It is also to be noted that this makes no allowance for interest on the new accounts. If the latter be reckoned in, the question of profit becomes even closer than before. Taking the problem fairly broadly, however, it would seem as if an expense of $2 for every $100 of deposits obtained and held for a year might be regarded as at least a tentative estimate of what the bank might afford to lay out.

Total Expense

Now let us take the case of a bank which has $1,000,000 of deposits and is increasing them at the rate of 10 per cent per annum. This would mean an addition of $100,000 which, on the basis already figured, would be worth $2,000 to the bank. That would be the maximum cost to be allotted to new business-getting. It would not include, of course, such service functions and ordinary advertising as was considered necessary to keep the bank up to its existing level of business in competition with other banks. Precisely how much the latter allowance ought to be, is a question as to which there is still wider difference of opinion, and which affects the new business department's budget very decidedly, because of the fact that few banks draw a broad distinction between new business-getting and old business maintenance. If, however, an allowance of, say, $2,500 be made for the normal advertising and exploitation services of a bank of the size referred to, the estimate may not be far wrong. The sum thus set aside in this case, $5,000, would vary greatly according to the growth of the bank.

It would not be surprising, for instance, if a bank, starting with $1,000,000 of deposits in a growing community, should double that figure in the course of a year, especially if it is new and just developing its field of business. If it gained $1,000,000 in the course of a year through solicitation its estimated amount for exploitation would be $20,000 in addition to whatever it might be disposed to allow for regular advertising and maintenance work. It is easily seen that when a bank approaches its maximum figure of expansion in relation to capital or in relation to its community new business outlays should be correspondingly decreased. If it has $5,000,000 deposits, increasing $1,000,000 a year, its new business allowance would be $20,000, with $3,000 to $5,000 for normal advertising.

Cost of Solicitation

Supposing that the bank has a specified amount for new business-getting, how shall it use that sum? The familiar way is to employ a corps of solicitors who simply go out and interview prospective customers. In order to get competent men for such service moderately remunerative salaries must be paid and, they are as a rule about on a parity with those of tellers and assistant cashiers. These, as already seen in earlier discussions, will range from $3,000 or $2,500 up to, say, $5,000 or $6,000. In some institutions it is customary to have the new business department directly in charge of a vice-president who, however, frequently has other duties, and his rate of pay may run from $6,000 to $10,000. The figures are, of course, not absolute but merely represent a frequent or recognized rate of pay. It seems to be agreed that better results are obtained by adapting the salary of the solicitor to the character of the prospects. If the bank is specializing in small accounts, the better plan will be that of employing several solicitors with relatively low pay running from, say, $2,500 to $3,500. If the "prospects" are business men with large accounts the solicitors may be fewer in number and should be more experienced and more highly trained men who are accordingly paid higher salaries. In general it is of course true that the number of large accounts obtained is small, but that they are likely to be more strongly held, and that the profit on them is greater than on the small accounts, although even this is not a universal rule. In one very active bank in New York City today it has been possible to increase the deposit total by about $600,000 to $750,000 per month for some months past, and this has been the work of a corps of five new business men who, as will be seen, have therefore averaged about $125,000 to $150,000 per month each.

Overhead Expenses

It must be remembered that the cost of a new business department is by no means limited to the salaries of solicitors. Successful exploitation of this kind is not done at haphazard. The first necessity is the laying out of a satisfactory system of campaign with some division of the territory between men, it being essential to avoid duplication or repeated solicitation of the same customers. This implies a satisfactory filing system with corresponding clerical help. It also implies a considerable amount of correspondence; for experience shows that the efforts of solicitors must be backed up by a satisfactory "follow up" plan of approaching the new customers, or of continuing the effort of solicitation with those who have not yet quite made up their minds. Obviously, there cannot be an absolutely rigid division of new business expense between the direct solicitation corps and the overhead or office force. Experience, however, shows that a rough measure of division would indicate about 50 per cent for each kind of outlay or $1 per $100 per annum for solicitors and a like amount of overhead and office outlay.

A large bank in a city not far from New York which has examined this problem with a good deal of care now expends on advertising of all kinds about one half of one per cent of its total deposit line, while it adds an expense of about one quarter of one per cent (or

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IN PREVIOUS ARTICLES—

Our Banking Department has analyzed Rents, Salaries, General Charges and Interest Payments with an eye to determining the lengths a banking institution should go to in these respects.

In this article, the bank's expenditures on account of new business is taken up.

Together with other analyses to appear later, these articles will compose a practical banking series of first importance to bank executives.

A Fundamental Question Which Banks Have Largely Neglected

Are the Reserve Banks Exceeding Their "Open Market" Dealings?

AN inconspicuous announcement recently made by the joint Congressional Committee which is considering the present status of the Federal Reserve System has been largely neglected by bankers all over the country. It nevertheless represents one of the most fundamental questions that has been put before them for a long time. The announcement in question was to the effect that the joint committee had decided not to work much further on the question why small banks do not join the system; and had begun to interest itself in the open market relations between Federal Reserve banks and members, with a view to finding out whether reserve banks were not exceeding their open market duties.

What is The Open Market?

The term "open market" is ordinarily used in banking as including all those dealings which a bank has with non-customers—its dealings in the purchase of commercial paper primarily. As used in central banking, it often implies all operations that do not give rise to a deposit in the reserve or central bank. Purchases or sales of paper in dealings with non-member banks are, of course, included, while, in addition to these operations, transactions with individuals are oftentimes classified under this head.

Such open market operations represent the effort of the reserve or central bank to get its funds out into the market faster than it could if it had to wait for the filing of rediscount applications with it on the part of member banks; or it represents an effort to draw in funds faster than it could by refusing to renew paper and compelling customer banks to settle in cash at maturity. It is, in short, a means by which the reserve bank directly affects the rate of interest or discount, and thus makes itself a really powerful factor in the financial world.

Practice of Central Banks

All central banks have this power, and some exercise it constantly. Not a few of them are in the habit of carrying on rather extensive dealings with individuals, and such individuals are often allowed to deposit with it. When they do so, the bank may or may not discount their paper according to its practice, but in proportion as it encourages them to deposit directly, it tends to take their business away from the commercial banks. The Banks of England and France, and their practices in this regard before the war, furnish very good illustrations of the character of the situation. All this creates a background of actual banking experience, upon which to base the study of the policy of the Federal Reserve System at the present time. The conclusion to which the student is unavoidably led is, that a central banking system cannot work very successfully unless it has an open market policy.

Plan of Reserve System

And yet this open market idea is resisted by a great many banks in the United States, because they think that it means competition between the Reserve Bank and themselves. This is by no means necessarily the case in any direct sense of the term, but there is an element of truth in the view of the banks which needs to be allowed for. When the Reserve System was first established, the attitude of most of the banks was against any open market power, but it was none the less provided for in the Act with a view to giving the Reserve Banks the authority they needed to make their discount rates "effective." Up to very recently, the reserve banks had no open market policy whatever, and it was the view of members that they ought not to have. Last spring, the Federal Reserve Board announced the adoption of an open market policy, but the application of it has been slow and hesitant and has taken place only on a very small scale. Taken as a whole, the policy of the Reserve System during the past year does not furnish any sound indication how this plan would really operate.

This article is based upon an inconspicuous announcement recently made by the Joint Congressional Committee which is considering the present status of the Federal Reserve System.

While bankers have rather widely ignored this announcement, it raises one of the most important questions propounded in a long time.

Interests of Small Banks

It is plain that the adoption of a genuine open market policy would not affect the interests of the small banks adversely; but, if anything, would benefit them. The character of paper which the reserve banks can deal in is not of a kind in which the small banks are very directly concerned. Their customers' loans must be obtained through them, and are in considerable measure ineligible to rediscount anyway, so that the reserve banks are not likely to compete with the real country banks unless the latter should enter into a field of open market transactions not now provided for, and contemplated by but few. On the other hand, the open market operations of the reserve banks have a very direct and important influence upon rates of interest and profits made by large city banks when the two come into conflict at all. Further expansion of this branch of reserve bank operations, therefore, would unquestionably result in some interference with the earnings of city banks, and a consequence of recognition of this fact has been that the larger banks in some parts of the country (particularly in the Middle West) have begun to complain of the activity of reserve banks. It is around this question that the coming investigations of the Congressional Commission are expected to center.

A Singular Suggestion

Without doubt there has been a great deal of fear among city banks lest the Reserve System might, by open market operations, afford an undue advantage to country banks by enabling the latter to get funds which otherwise they would probably have to obtain through applications to the city institutions. Out of this fear not long ago, there grew the singular suggestion, made by an ex-official of the Federal Reserve System, that reserve banks should establish two regular rates, the one a rediscount rate applicable to the customers' paper of country banks, the other an open market rate available for use on certain kinds of paper in cities.

The object was to establish a high rate of rediscount somewhat corresponding to the high rates of interest charged by country banks to customers, while very low rates would be made in the discount of acceptances and other paper put out by city banks. It was a part of the plan that city banks should finance themselves only by open market operations while country banks alone should resort to rediscounting. Thus far the proposal has not been received with favor, and probably never will be by those who want to go on getting funds at reasonable rates for use in the country. The great extension of open market operations by reserve banks is preponderatingly in favor of the interest of country banks, those who feel the new competition being almost entirely

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What May I Expect of My Bank?

A Concise Summary of the Services A Customer Has the Right to Ask

THE relation between the business man and the bank is frequently discussed, but in a good many cases is viewed almost entirely from the standpoint of the bank. The latter is usually the applicant for the business man's custom or patronage; and, in the effort to get business, it frequently makes proposals or offers of service which are inspired by competition with others, rather than by the legitimate rights or sometimes needs, of the customer.

On the other hand, the rank and file of bank customers may be divided into two general classes, the one often demanding much more than the bank can properly supply or grant, the other failing to use his bank to its full extent as a source of service and help. There is a large field of development of more sound and helpful relationship and understanding here which needs cultivation.

> *A bank is a regularly functioning, and not an emergency institution.*
>
> *The customer should look to it as a regular business adjunct. He should exact from it the full value of his patronage. But, at the same time, he should refrain from asking it for exceptional services.*

Fundamental Banking Service

It should be borne in mind that the bank is necessarily a profit-making institution, which has to make its earnings through large turnover based on at least fair safety in operation. This means that it ought not to be expected to take unduly hazardous risks on behalf of its customers, and that, on the whole, the customer ought to be willing to limit himself in the main to a standardized kind of service for which he pays the going rate.

Confining attention to strict banking operations, this becomes a fairly simple proposition. If the customer of the bank is merely a depositor without borrowing, he is entitled to receive from his bank courteous and efficient service in the cashing of checks and the receipt of deposits, and a scale of charges for exchange or collection, which is as moderate as conditions will permit, and which gives the customer the full value of the exchange that he may furnish to the bank. This is on the assumption that the customer has assented to the bank's rules with regard to minimum deposit balances or that, if the bank has no stated rules on the subject, he does in fact maintain with it a sufficient average balance to warrant it in carrying on his account; this function being a service to him and not an advantage to it, although the latter is often considered to be the case.

When the depositor also becomes a borrower, the case is more complex. In this event, the customer has a right to expect the bank to extend to him a "line of credit" amounting to the average extension or grant which it gives to others, to exact of him only its ordinary or average amount and type of collateral security and to charge him its normal rate of interest.

This implies that, after he has made a full and truthful statement of his condition to the bank, the institution will grant to him loans corresponding to a moderate percentage, seldom more than 50 per cent of the unquestionable liquid assets of which he is able to show himself possessed. It implies also that, if he is not a commercial customer, i.e., not engaged in business, the bank will feel called upon to lend him funds only upon duly approved collateral of a marketable and liquid character up to a fair percentage of such collateral. If the borrower be a business man he cannot normally expect a line of credit more than five times the amount of his average deposit while, if a borrower on collateral, he cannot normally expect advances in excess of about 80 per cent of what he hypothecates, at a fair market value. Of course, in his capacity as a depositor he is entitled to receive, and should expect, the same kind of service that goes to the non-borrowing customer.

Some Doubtful Appeals

It is by no means a general condition that the relations between the business man and the bank are held down to this normal basis without some difficulty. There are many business men who seem to conceive it to be the function of the bank to tide them over periods of difficulty by making loans on the basis of their past relations or their individual merits, and who insist that the banks shall come to their rescue for the puprpose of overcoming the results of blunders in business. These are in many cases the hardest kind of customers to refuse, but the refusal should nevertheless be made, especially when it is remembered that what such borrowers ask is not the use of the bank's own funds, but it is the use of the resources of the depositors.

The bank may in some cases be obliged to take on hazardous risks which it ordinarily would not think of incurring, in order to carry through a customer in whose paper it has already invested heavily. This, however, is a case in which the bank acts out of self-interest. It is never warranted in going into such a situation voluntarily, and the customer has no right to expect any such action on its part. He should arrange for financing of a non-banking character, through application to some other type of lender or through an expansion of his capital liabilities.

In the competition for business, men with good balances and active accounts oftentimes succeed in bargaining with banks in a way that brings them a larger advance of credit than they could otherwise expect to obtain on their merits. The result is to let the business man more deeply into the assets of the bank than he has a right to go, and in such case it usually appears that the outcome is good neither for the individual nor for the bank. Both in the interest of itself and

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As a Customer of a Bank—

You Have a Right to Ask:—

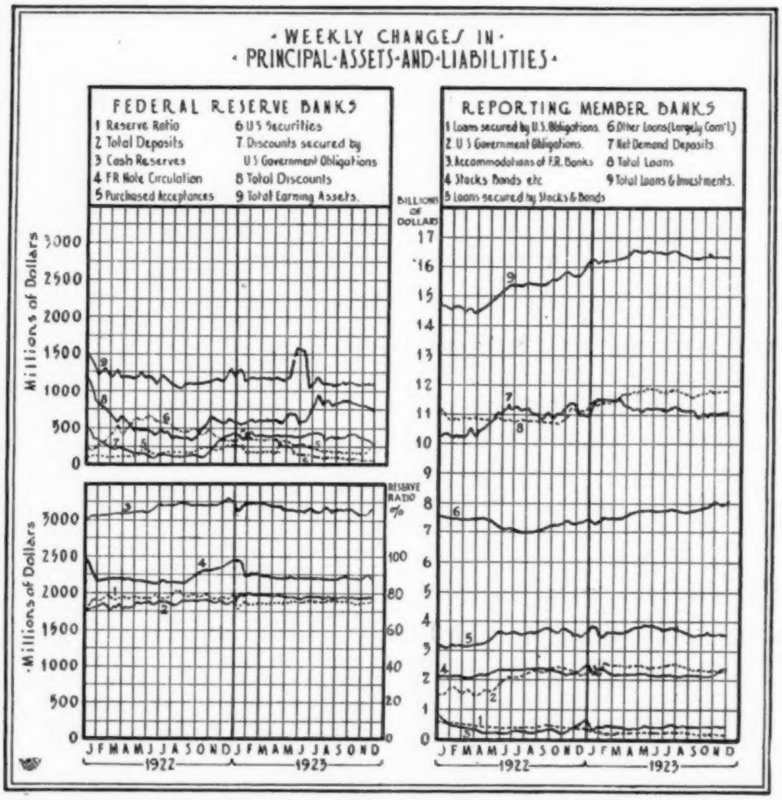
1) *Careful management of deposits.*
2) *Fair interest on excess funds.*
3) *Moderate and reasonable treatment of your exchange.*
4) *Reasonable borrowing accommodation based on your statement or your collateral.*

You Have No Right to Ask:—

1) *Unprofitable deposit service.*
2) *Payment or checks out of uncollected balances.*
3) *Free exchange, without compensation in balances.*
4) *Excessive loans, either on capital account or to tide over heavy losses.*

The Banking Situation

Recession in Demand for Credit—Gold Again Accumulating—Downward Movement of Money—Shrinkage of Commercial Paper



THE closing of the agricultural season has now pretty definitely been reached by the banks of the country, and the tide of funds is once more setting toward the cities. This turn has come at an acceptable moment, when stock market activity is again advancing and when city banks are beginning to feel the loss of deposits from which they have suffered during the past two or three months particularly. Now they are getting back their old volume of business owing to larger country bank deposits, and at the same time they are experiencing the familiar problem what to do with the funds and how to use them, so that they can afford to pay the country banker what he is entitled to ask for his money during the slack season.

Shifting Into Bonds

In answering this question, the member banks of the country (and especially the city banks) are tending more and more to shift over to bonds and out of commercial paper. As things stand, the volume of really good commercial paper on the market is now small—entirely inadequate as compared with banking demand growing out of the need of keeping funds busy. The rate on commercial paper of good varieties is settling down to 5% with some prime names below that, so that it is no longer very remunerative. On the other hand, the presence of plenty of very desirable bonds of good yield at fair prices in the market makes the temptation to shift into these securities a strong one, especially in view of the widespread be-

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FEDERAL RESERVE BANKS
(In millions of dollars.)

Date	Cash reserves	Bills discounted, total	Government securities	Total deposits	Federal reserve notes in actual circulation	Reserve ratio
Sept. 19	3,199.8	774.2	92.6	1,888.8	2,254.8	77.2
Sept. 26	3,192.7	862.0	91.9	1,930.1	2,247.8	76.4
Oct. 3	3,188.0	881.7	95.1	1,936.2	2,272.3	75.8
Oct. 10	3,193.9	869.0	91.9	1,905.8	2,288.6	76.1
Oct. 17	3,198.0	854.5	94.0	1,975.3	2,272.4	75.3
Oct. 24	3,209.1	836.2	88.2	1,923.5	2,255.4	76.8
Oct. 31	3,191.1	883.8	91.8	1,958.7	2,224.9	76.3
Nov. 7	3,195.2	817.4	90.3	1,909.4	2,265.6	76.5
Nov. 14	3,209.4	791.1	90.3	1,982.4	2,263.0	75.6
Nov. 21	3,212.9	746.2	73.4	1,941.5	2,223.1	77.1

REPORTING MEMBER BANKS
(In millions of dollars.)

Date	Number of reporting banks	Loans and discounts	Investments	Rediscounts and bills payable with Federal reserve banks	Net demand deposits
Sept. 19	770	11,892	4,564	490	11,020
Sept. 26	770	11,877	4,545	573	10,891
Oct. 3	770	11,984	4,522	598	11,045
Oct. 10	770	11,956	4,590	590	11,060
Oct. 17	770	11,961	4,512	582	11,186
Oct. 24	771	11,920	4,513	561	11,077
Oct. 31	769	11,940	4,530	593	11,158
Nov. 7	767	11,921	4,497	539	11,130
Nov. 14	767	11,930	4,400	504	11,276

BANKING INDICATORS

Discount Rate at Federal Reserve Banks 4½%

Commercial Paper in New York Market December 1 .... 5 @ 5¼

Reserve Percentage Fed. Reserve System November 28 .... 76.4

Reserve Notes Outstanding November 28 .... $2,246,300,000

Bank Rediscounts (with F. R. Banks) November 21 .... $467,300,000

Sterling Exchange Index Federal Reserve Board October 93.0

Net Gold Imports, Oct. $28,551,000

Commercial Paper Rate London (bankers three months bills) Dec. 3 ...... 3$\frac{5}{16}$-3⅜

Wholesale Price Index (London Economist) Nov. 3 (for end Oct.) 196.4

Reserve Percentage Bank of England, Nov. 28 .... 18.00

ANSWERS TO INQUIRIES

A Well Diversified List of Investment Stocks

Giving a Return of 7.3%

I have several thousand dollars on hand that I wish to invest in sound common and preferred stocks. Please suggest a list that will bring as large a yield as can be obtained with a reasonable amount of safety.—A. G. F., Rome, N. Y.

The accompanying list of fifteen stocks, we believe will satisfactorily meet with your requirements. The dividends of all the stocks included, in our opinion, are well protected and by distributing your funds equally among them, the degree of risk assumed would be a slight one. In addition to receiving a liberal return on your investment, there would be an excellent chance of your principal appreciating in value. The list follows:

	Div'd	Price	Yield
American Telephone & Telegraph	9	124	7.2
Detroit Edison	8	104	7.7
Brooklyn Edison	8	109	7.3
American Water Works & Electric 1st Preferred	7	88	8.0
Tobacco Products "A"	7	90	7.8
American Ice preferred	6	80	7.5
U. S. Realty & Improvement pref.	7	101	6.9
American Steel Foundries preferred	7	101	6.9
Cluett Peabody preferred	7	101	6.9
Mack Truck 1st preferred	7	94	7.5
Associated Dry Goods 1st preferred	6	82	7.3
American Smelting & Refining pref.	7	96	7.3
American Woolen preferred	7	101	6.9
U. S. Industrial Alcohol preferred	7	95	7.4
Westinghouse Electric	4	59	6.8

The average yield of the above fifteen stocks is 7.3%.

MIDDLE STATES OIL

Property Recently Sold

In a recent article in The Magazine of Wall Street I noticed some comment on Middle States Oil to the effect that it had sold one of its best properties. Can you give me more specific information in regard to this transaction? What the property was producing, the sale price, etc.?—S. N. M., Minneapolis, Minn.

The property referred to as having been sold by Middle States Oil is known as the Gladiolus Discovery Lease, located in South Electra District, which is south of Electra, Texas. This property has a production of about 1,200 barrels a day coming from twelve producing sands, and is considered settled production. We understand the price was $1 million, Magnolia Petroleum being the purchaser. This was considered one of the best leases in the district. An adjoining lease of approximately the same size was sold several years ago for $3 million, so that it appears that Magnolia has obtained a bargain.

COLUMBIA GRAPHOPHONE REORGANIZATION

Stockholders Should Not Subscribe

Do you consider it advisable for common or preferred stockholders to join in the reorganization of the Columbia Graphophone Co. by subscribing to the new securities offered them?—R. C. M., Columbus, O.

Columbia Graphophone stockholders would be simply throwing money away by subscribing to the new securities on the terms offered by the reorganization plan as they can participate in the reorganization on a much more favorable basis by purchasing Columbia Graphophone 8% Notes certificates of deposit selling on the New York Curb around 20. The facts are as follows: The plan provides that each $1,000 Columbia Graphophone Notes (including the accumulated interest) shall be exchanged for 4¼ shares each of the stock of the new companies. Hence the purchaser of these notes for $200 will acquire a total of 8½ shares of the new stocks. Stockholders are offered the right to subscribe to the new stocks at the rate of $100 a share. It can readily be seen, therefore, that by buying the notes instead of subscribing under the plan, stockholders will receive more than four times as much stock for the same amount of money. On the basis of the present price of 20 for the notes the new stock costs about $23 a share. This price appears cheap for the new securities, as current assets alone are in excess of this figure, not counting the plants.

HOUSTON OIL

Favorable Developments

I have been informed that there have been some favorable developments recently in regard to Houston Oil and will greatly appreciate it if you will give me all the information you have on hand in regard to the company's recent activities. I am familiar with the capitalization and earnings of the company and just want to know any recent news of importance.—O. F. A., Pittsburgh, Pa.

Development work on Houston Oil Co. properties have recently brought forth some favorable results. On the 800 acre Dolbear tract in the Hull field, Liberty County, Texas, the company brought in a 12,600-barrel gusher. This has been the largest well brought in in the Gulf Coast fields since July, 1920. In the Big Hill field in Jefferson County, Texas, where the company has 6,000 acres, it has discovered oil at 1,790 feet on six tests. Experts believe that a deep sand should be found in this field, and it may prove to be a good producer. Houston has a tract 17 miles long by 5 miles wide in Live Oak County, Texas. In this field, it has brought in a 50-million cubic feet gas well. Houston oil is in good financial position with $4½ million cash on hand. Its only contracts are at fixed prices higher than the present market levels. In the Smackover field, it is still delivering

oil at 70 cents which it is buying in the open market at 40 cents per barrel.

MOON MOTORS

Increased Production

Can you give me a brief history of Moon Motors. Who are the controlling interests? Is not the present dividend policy lacking in conservatism?—S. F., Port Chester, N. Y.

Official and larger stockholders of Moon Motors are St. Louis men who have been interested in the company for a long time. The present company was organized in 1917, and succeeded at that time to the business of a similarly named company organized in 1907. The latter company was in turn an outgrowth of the Jos. W. Moon Buggy Company founded in 1894. For many years, in fact, up to 1922, the business of the company was of small proportion but in 1922 it branched out, establishing many new agencies and increased production to 7,000 cars as against less than 2,000 in 1921. The car is an assembled proposition using standard equipment. Sales for the first six months in 1923 were 200% ahead of the sales for the same period in 1922. This remarkable increase in the company's business has been the result of bringing out models that have attracted the public's favor. The company has been unusually successful this year in getting substantial agencies to handle its car in various parts of the country. Of course, the great prosperity in the automobile industry has helped them, and it remains to be seen what the company can do when conditions are not so good. For that reason the stock, of course, is a decided speculation. We do not consider the dividend policy unconservative, for the balance sheet of the company as of April 30th, 1923, showed ratio of current assets to current liabilities of approximately 4 to 1. Earnings for the first 9 months were equal to $5.17 a share on the stock. The company is preparing to add to its line a new light six-cylinder car to sell for less than $1,000 and expects to produce 25,000 cars in 1924. Of course, if the company is successful in increasing sales to this degree, a still larger earning power may be dem-

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attractive long-pull holding. Telephone service in Cuba has been expanding at the rate of 12% annually.

FIFTH AVENUE BUS

Can Pay Higher Dividends

Can you let me know the earnings of Fifth Avenue Bus Securities? What is the par value of the stock? I have been advised that this company may increase its dividend. Does the condition of the company warrant any increase in the rate?—N. C. R., Brooklyn, N. Y.

Fifth Avenue Bus Securities stock has no par value. Dividends at the rate of 64 cents a share per annum are being paid on this issue, and earnings for the year ended June 30th, 1923, were equal to approximately $1.70 a share. This company and its subsidiaries are in good financial condition and apparently in a positon to pay higher dividends. The management is considered efficient, and, we believe, an optimistic view of the stock is warranted.

MONTANA POWER

Completing New Plant

Can you give me any particulars in regard to the new hydro-electric project of Montana Power? I am holding some of the common stock for investment; do you think well of it?—S. B., Springfield, Mass.

Work on Montana Power's new hydro-electric project at Mystic Falls, 20 miles southwest of Billings, is progressing satisfactorily. Its completion will enable the company to supply that section of Montana with electricity under more economical conditions. The new plant will have an initial capacity of 12,000 k.w., and will cost about 1¼ millions. For the first six months of this year, earnings were $2.64 a share on the common stock. Financial condition of the company is sound, working capital being $1.7 million. Barring an unforeseen slump in the mining industry in Montana, earnings of the company should continue at a satisfactory rate, and we consider the stock at present levels of 61 a good business man's holding.

Inquiries On Public Utilities

NORTH AMERICAN CO.

Current Earnings

My attention has been called to North American Co. common stock which as a $2 dividend payer yields 9% at the present price of 22. Are earnings of the company sufficient to warrant the payment of so large a dividend?—V. B. L., Harrisburg, Pa.

North American Co. is a holding company controlling public utilities serving the cities of St. Louis, Milwaukee, Cleveland, Racine, Kenosha, etc. It also controls coal properties in Western Kentucky with an output of 1,300,000 tons per annum. Earnings so far this year have been at the rate of $5.50 a share on the common stock before deducting for depreciation. As the company's financial condition is good, these earnings apparently justify the present rate of dividend payments. At present price of 22, we consider the stock to be a good specvestment.

DETROIT EDISON

Steady Growth in Business

I am holding 50 shares of Detroit Edison common stock for investment. Do you regard this stock favorably or is there some other stock I could switch to that would be better? I am not a speculator and do not want anything of a very speculative nature.—C. C., Cleveland, O.

In Detroit Edison, we consider that you have a very good common stock investment. This company has shown a consistent growth for a number of years, and, as it operates in a rapidly growing community, there is apparently no good reason why business should not continue on an increasing scale. In the current year, net income has registered a marked increase, the first 9 months showing $3.2 million as against $2 million in the same period of 1922. For the past ten years, earnings have averaged 10.49% on the average amount of stock outstanding. The 8% dividend is reasonably secure and the stock a good investment opportunity at present price of 104.

INTERNATIONAL TEL. & TEL.

Increased Earnings

My broker who has given me some good advice in the past and in whom I have a great deal of confidence, now advises me to purchase stock of the International Telephone & Telegraph Co. for long-pull investment. Before doing so, however, I desire to have your opinion.—A. G. M., Forest Hills, N. Y.

International Telephone & Telegraph Co. owns and operates modern telephone plants in Cuba and Porto Rico. It controls jointly with the American Telephone & Telegraph Co. the Cuban-American Telephone & Telegraph Co. with three cables from Key West to Havana. Under its charter, the company is able to develop telephone resources in almost any part of the world, and, while nothing definite has been decided as yet, there have been negotiations with several European countries with a view to improving telephonic communications. For the nine months ended September 31, 1923, surplus after deducting interest, depreciation and preferred dividends, was equal to $6.59 a share on the common stock or more than the full year's dividend requirements. We consider the outlook encouraging for a continued expansion in the company's business, and the stock at present price of 68 an

MANHATTAN ELEVATED

Dividend Outlook

What is the outlook for dividends on Manhattan Railway Modified Guarantee stock? Will the dividend of $1 paid Oct. 1 be repeated in January or will there be a reduction? What are the earnings?—S. D., New York City.

Manhattan Elevated's last dividend of $1 was paid as a result of favorable operations of the company for the quarter ended June 30th. The next dividend, due January 1st, will be decided on a basis of earnings for the quarter ended September 30th. The quarter ending September 30th is always the period of lowest earnings for this company, and, for that reason, a dividend as high as $1 is unlikely. In fact, no dividend may be paid at all on January 1st, or perhaps a small one of around 25c. The dividend due April 1st, however, will in all probability again be $1, for it will be based on the earnings for the quarter ending Decem-

ber 31st, in which quarter the company should earn around $1.50 a share and perhaps better. For the year ended June 30, 1924, therefore, we should say that $3 a share will be paid on the stock and perhaps more. We consider the stock to have good long-pull possibilities, in view of the tendency of Interborough earnings to increase, due to a steadily expanding gross business. The stock, of course, may react somewhat from present levels in view of the unfavorable dividend action that can be anticipated in December.

They mature $300,000 December 1, 1924 and 1925, $400,000 December 1, 1926, and $500,000 each year from December 1, 1927 to 1930. All maturities were offered at 100. We consider these certificates a high-grade investment.

New Security Offerings

MERCURBANK

American Shares

Kindly furnish me with what information you have in regard to Mercurbank stock which I understand was recently brought out at $15 a share and is now selling on the New York Curb at around 14.—A. D. M., Hartford, Conn.

Mercurbank "American Shares" will be issued in the proportion of one share for every five Austrian shares of the par value of 3,000 Kr. The American shares are exchangeable after June 30, 1924, for the Austrian shares deposited on payment of the cost of the exchange plus 25 cents for each American share. The latter have no voting power. They are free from all Austrian taxes now in force. The Mercurbank was established in Vienna in 1887, and is one of the largest Austrian banks. In addition to its commercial banking business, it is a holding company, and, through stock ownership, controls and is interested in many industrial corporations covering the leading economic fields in Austria and adjoining countries. Industries in which this bank is interested include coal, oil, sugar, glass, paper, textiles, machinery, railroad equipment, chemicals, etc. Capitalization consists of 3,333,334 Austrian shares, par value 3,000 Kr. The American shares were recently offered at $15 a share the issue being 100,000 shares. They are now being traded in on the New York Curb on a "when issued" basis.

WEST PENN CO. PREFERRED

Yield 7.8%

I note that the preferred stock of the West Penn Co., controlled by the American Water Works & Electric Co., is being offered for sale at 89½ to yield 7.8%. Do you consider the dividend secure enough to warrant making an investment?—J. C. M., Newark, N. J.

The West Penn Co. and subsidiaries serves the large industrial district of western Pennsylvania adjacent to Pittsburgh, a large territory in the northern part of West Virginia, adjacent territory in Maryland and the Parkersburg-Marietta (Ohio) district. Total capacity is 323,000 k.w. For the 12 months ended September 30, 1923, after giving effect to acquisition by West Penn Co. of $6.1 million West Penn Railways 6% preferred stock, consolidated surplus net earnings after depreciation ($1,360,867) were $3.2 million, over 2½ times the dividend requirements on the 7% cumulative preferred stock. The dividend on this preferred issue is reasonably well secured, and we regard the stock as an attractive business man's investment at the offered price of 89½.

CHICAGO & NORTHWESTERN

First and Refunding 5s

Are Chicago & Northwestern Railway First and Refunding 5% bonds due 2037 high grade? I know that the bonds of this road have had a good investment standing for many years but in view of the smaller earnings and the lower price for the stock I thought there might be some change in your opinion of them.—D. B. N., Harrison, N. Y.

Despite the fact that earnings of Chicago & Northwestern have fallen off they are still sufficient to show fixed charges covered with a wide margin to spare. For the year ended December 31, 1922, income applicable to fixed charges was $20.9 million as compared with rentals, interest on funded debt and other deductions of $11.4 million. For the nine months ended September 30, 1923, total income was $14.2 million as compared with fixed charges of $8.5 million. The entire funded debt of the company, other than equipment trust certificates, is outstanding in the hands of the public to the extent of only $28,238 per mile of road of first main track. The First and Refunding 5s, due 2037, are entitled to a high-grade rating. They were recently offered at 93½ to yield 5.35%.

GENERAL AMERICAN TANK

Equipment Trust Certificates

Do the General American Tank Car Equipment Trust Certificates now being sold constitute in your opinion a high grade investment?—S. H. B., Philadelphia, Pa.

General American Tank $3 million Equipment Trust Certificates, Series "A," are secured by title to equipment consisting of 2,600 steel tank cars of 8,000 and 10,000 gallons capacity. The present value of this equipment is placed at $4.5 million. At the present average rate of car earnings these cars should yield a gross income of over $1.2 million annually. Equipment is leased to the General American Tank at a rental sufficient to pay principal and interest as they fall due.

CHILDS COMPANY

No Par Common Stock

What is your opinion of the new Childs Co. common stock selling around 38? What dividend is being paid and is it a good stock to put away for a few years?—A. N. R., New Rochelle, N. Y.

Childs Company is now operating one hundred restaurants and fourteen others are being planned, several of which will be opened within a few months. For the four years ended November 30, 1922, net income averaged more than $5 a share on the 230,000 shares of no par value common stock that will be outstanding. On the basis of the dividend declared November 19 on the old stock the new no par value stock will receive dividends of $2.28 per share per annum. At present levels, this does not give a very high return, but earnings of the company have shown a steadily increasing tendency, and we consider prospects encouraging for more liberal payments in the future. The stock has good long-pull possibilities.

NORTHERN STATES POWER

Convertible 6½% Notes

Your opinion is desired on Northern States Power 6½% Notes due 1933. They have been recommended to me as a desirable investment. R. M., Erie, Pa.

Northern States Power $10 million convertible 6½% Notes, due 1933, are not secured by mortgage. The Trust Agreement, however, contains restrictive provisions as to the creation by the company, or its subsidiaries, of any funded debt in addition to that presently to be outstanding which will consist of these Notes, and $49.6 mortgage debt. After giving effect to this financing and also an issue of $8.5 million bonds to be sold shortly, annual interest requirements will be $3.3 million. Earnings for the 12 months ended September 30, 1923, after deducting maintenance, but before depreciation, were $6.6 million. The properties of this company have shown a consistent growth in earning power for a number of years, and, as operations are conducted in a rapidly growing territory, an optimistic view of future earnings appears warranted. At the offered price of 98½ to yield 6.7% we consider these Notes an attractive business man's investment.

·SERVICE·SECTION·

TRADE TENDENCIES

Industrial Activity Well Maintained

Irregular Conditions Noted With Strength and Weakness Alternating — Prices Fairly Firm

THE TREND IN MAJOR INDUSTRIES

STEEL—Inquiries for rail equipment and tin plate increase. Considerable strength in pig iron situation for first time in several months. Production of finished steel slightly off. General outlook more favorable than recently.

METALS—Very quiet period in copper following sudden advance in prices. An increase in buying expected in several weeks. Lead and zinc strong.

TEXTILES—High cotton prices discourage mill buying. Demand for wool stronger. Silk still depressed.

SHIPPING—No change from depression in transatlantic trade. Panama and coastwise shipping in firm position.

WHEAT—Movement of wheat is slow and export trade has tapered off on account of European unsettlement. No marked change in prices looked for. The corn market is heavier than has been the case recently and prices show a tendency to decline.

RETAIL TRADE—Mail order sales exceptionally large. Chain stores and department stores report excellent business conditions.

SUMMARY: Mixed conditions prevail in industry. Approach of the end of agricultural conditions leads to some falling off in employment in those regions. Otherwise, employment remains high. Buying power generally is large.

STEEL

Interest Revives

THERE has been a marked increase in inquiries from railroad sources and some of this has been translated into actual buying orders. This is particularly true of freight cars, demand for passenger cars being only moderate while there is practically no demand for locomotives. Business in steel plate shows some signs of turning after the depression.

There has been some curtailment in operating of the United States Steel Corporation, now at about 84% of capacity. It is believed likely that the principal producer will also show another decline in unfilled orders when it issues its December 1 statement.

The feature of the industry has been the marked strength of pig iron, long one of the weak spots. This buying has carried the price of pig iron about $1 a ton higher, but the advance would have been sharper had it not been for the moderation exercised by the sellers.

Generally speaking, the steel situation, while considerably mixed, shows distinct signs of strengthening, and the outlook for the first quarter of 1924 appears more reassuring than was the case a month ago. Rate of earnings for the fourth quarter of this year are not likely to be impressive but will probably be a little better than originally estimated. Altogether, the steel industry appears to rest on a fairly firm foundation.

METALS

Copper Again Dull—Other Metals Active

The copper industry has not exactly been stimulated by very recent developments, and in fact has suffered a slight reaction from the really great activity in the earlier part of November. Probably the advance in the red metal from 12½ to 13½ cents a pound has had something to do with the reactionary feeling, although the lower London market has also had a great deal to do with it. What the situation really amounts to is a deadlock between buyers and sellers, but in view of the large amounts of the metal sold in the early part of November, sellers feel that they can resist a deadlock for several weeks. By that time, they believe, new buyers will be ready to enter the market. Generally, the underpinnings of the copper trade seem stronger than has been the case last summer.

Lead and zinc have been quite strong. Prices of both metals are up without hindering buying enthusiasm.

CHEMICALS

Mixed Conditions Prevail

With the exceptions of the dyestuffs market, which exhibited a fairly steady tone, none of the chemical branches warrant extreme enthusiasms so far as outlook is concerned. Fine chemicals were quiet with demand slackening into one of routine quality. Undoubtedly, buyers are more anxious to overhaul their inventories with a view toward year-end settlement than to increase them at this time. This factor is also true of heavy chemicals where business has slowed down to a minimum. The outlook for this particular branch of the industry is that further offerings will result in a paring of prices.

(*Please turn to page 276*)

COMMODITIES

(See Footnote for Grades Used and Unit of Measure)

	1923 High	1923 Low	*Last
Steel (1)	$46.25	$36.00	$41.25
Pig Iron (2)	31.50	23.00	24.00
Copper (3)	0.17⅛	0.12	0.13⅛
Petroleum (4)	4.10	2.75	2.75
Coal (5)	4.25	1.88	1.88
Cotton (6)	0.35	0.22	0.35
Wheat (7)	1.38	0.97	1.00
Corn (8)	0.97	0.68	0.95
Hogs (9)	0.08⅛	0.07¼	0.08¼
Steers (10)	0.10¼	0.08¼	0.10¼
Coffee (11)	0.13	0.10½	0.11
Rubber (12)	0.37	0.25	0.28¼
Wool (13)	0.58	0.54	0.55
Tobacco (14)	0.24	0.18	0.24
Sugar (15)	0.08⅛	0.05½	0.07¼
Sugar (16)	0.10½	0.07	0.09½
Paper (17)	0.04⅛	0.03¼	0.04

* Nov. 27.

(1) Open Hearth billets, $ per ton; (2) Basic Valley, $ per ton; (3) Electrolytic, c. per pound; (4) Pennsylvania, $ per barrel; (5) Pool No. 11, $ per ton; (6) Spot, New York, c. per pound; (7) No. 2 Red, Chicago, $ per bushel; (8) No. 3 Yellow, Chicago, $ per bushel; (9) Light, Chicago, $ per pound; (10) Top, Heavies, Chicago, c. per lb.; (11) Rio, No. 7, Spot, c. per lb.; (12) First Latex crepe, c. per lb.; (13) Ohio, Delaine, unwashed, c. per lb.; (14) Medium Burleigh, Kentucky, — per lb.; (15) Raw Cubas 96° Full Duty, c. per lb.; (16) Refined, c. per lb.; (17) Newsprint per carload roll, c. per lb.

Detailed Description of a Recent Trading Campaign of the Investment and Business Service

November 28th, 1923

IN order to prove to you just how valuable our Investment and Business Service can be to you, I wish to describe one of our recent campaigns in detail so that you will understand exactly how we operate and how you can utilize this Service for your financial benefit.

At 11 A. M. on October 31, 1923—just four weeks ago today—we issued a telegram to all subscribers to this Service advising the purchase of 37 different stocks by traders; that is, those who were operating in order to derive a profit from the fluctuations. We also recommend the purchase of 54 dividend paying stocks, which, in our opinion, were selling below value at the time.

In confirmation of this telegram we issued, according to our custom, a Special Letter on the Technical Position of the Stock Market, in which we said:

> The extra dividend of twenty-five cents a share on U. S. Steel, while not important in itself, has proved to be the opening gun in a new bull campaign. The strength, activity and volume in the market during the morning left no doubt of this. It is apparently not a flash in the pan, nor a temporary up-turn against the shorts, but the beginning of real aggressive operations by large interests who from now on should work on the bull side. The bear market has lasted for a year, and this should prove to be the turning point.
>
> We have no doubt that coming just at this time such a move will have an important effect on the election next Tuesday. It should also have a stimulating effect on business and lead to a more optimistic attitude on the part of the investment public.

All stocks purchased by traders were protected, according to our usual custom, with stop loss orders three or four points under the purchase prices, except in the case of a few that have rather wide swings, such as Crucible Steel, Gulf States, Baldwin, General Electric, American Sugar, Corn Products, Eastman Kodak, Sears Roebuck and DuPont. These stocks carried five point stops.

As all our operations are conducted in what we call "campaigns," of which there are about twelve in the course of a year, the above advices constituted the beginning of one of these campaigns on the bull side of the market.

Let us now trace the developments in the market and in the individual stocks by following their course after the above purchases were made and comparing the advices contained in our weekly issues with what actually happened in the market. For your convenience we present herewith a table showing the prices at which traders made their purchases, based on our advices, and the prices which they realized in closing out each trade, whether this was done by raising stop orders while the campaign was progressing, or on the advice contained in our issue of November 27th when we recommended that all trading operations be closed out.

First as to the action of the general market: The average price of fifty stocks at the time the telegram was issued, stood at approximately 78. When we advised closing the campaign these averages had risen to 83½ or 5½ points. While this is not so great an advance in itself, it represents a recovery of about 40% from the high prices of last March; in fact, the most important recovery in eight months.

After our position had been taken on the bull side of the market (October 31st), some extracts from our regular weekly advices will be found interesting. These are as follows:

November 7th: The recovery in the market since our telegram and Special Issue of October 31st has brought the average price of fifty stocks up to above 81, or about four points in the average. We do not believe that it is time to take profits, for the advance is apparently still in its early stages and many stocks are selling below what they should be worth under normal investment and speculative conditions. Up to the present there is no reason to doubt the bullish indications. In some cases profits run into considerable figures; for example, General Electric now shows a profit of twelve points, and a number of others several points.

For the benefit of new subscribers, on this date we also advised the purchase of the following stocks: Maxwell Motors A at 43, Houston Oil at 49, Marland Oil at 22, Southern Railway common at market, and Youngstown Sheet & Tube at 64.

Maxwell A advanced to 48 that day, and on November 14th it advanced to 55, where the stop was raised to insure five points profit. On November 19th it advanced to 58¼, or 15 points above its purchase price, thus automatically raising the stop to insure ten points profit. On the reaction of November 20th this trade was closed out and the ten points profit actually secured.

> November 13th: After an eleven day rise which carried the average price of fifty stocks from 77.15 to 82.53, we are having a little reaction. So far it has amounted to about a point and a half, or 25% of the rise, and is the result of perfectly natural profit taking.
>
> We must remember that less than two weeks ago the market was weak and practically everybody was bearish. The public was short to an extent seldom equaled. The rise of nearly 5½ points in the averages since the turning point has been not only extensive but very rapid.
>
> There are still a lot of stocks that are not far from their recent lows and which contain good market possibilities. We have seldom seen the rails in such a strong position, with so many

issues well absorbed and ready to advance. It is therefore very important that those who have overlooked this quarter of the market, take on a number of leading issues which are still selling at attractive prices, especially Great Northern, Northern Pacific, Union Pacific, Reading and Southern Railway.

For the benefit of new subscribers, we give below a number of additional issues which are ready to advance. These are: *Pullman, Wabash A, Jones Tea, National Enameling, *Atlantic Coast Line, *General American Tank, Montgomery Ward, Erie 1st, *International Paper, Rock Island.

The low point of this reaction should be in the first hour this morning, and as this is written the market is already beginning to show a recovery.

Some large profits have recently accrued, namely, 12 points in General Electric, bought at 172½; 9 in Mack Truck, bought at 73; 11 in Stewart Warner, bought at 77⅝; 16 in Stromberg, bought at 63, and a number of others where profits have amounted to several points.* While it is always a satisfaction actually to secure a liberal profit, the best results in this kind of market are usually obtained by holding firmly until there are some signs that large interests are willing to dispose of a considerable share of their holdings. Nothing of this kind has yet occurred; hence it is advisable to stand pat with the exception of certain stop orders which can be raised to advantage. This reduces the original risk, in some cases insures profits, and, what is more important, leaves the way open for still larger profits.

We suggest that where profits of five points or more have accrued, stop orders should be raised to cover cost plus commission so there can be no loss. In stocks which have advanced ten points or over, raise stops so that five point profits will be assured. In stocks that have advanced 15 points or more from the purchase price, raise stops so that 10 point profits are assured.

It is interesting to note how this rule worked out. Within the next several days these stops were raised on 28 out of 51 of the stocks purchased, so that in those 28 stocks the risk was eliminated. These stocks having advanced five points above their purchase prices, the raised stops prevented these trades from running into a loss even if the market had receded. But there were still further advantages in the recommendations thus made, namely: In the case of General Electric, the stop was raised to 178. Mack Truck, bought at 73, advanced to 83, and this stop was accordingly raised so that at least five points profit were assured. This was also true of Stewart Warner. In the case of Stromberg, which was bought at 63, an even better result was obtained. As this stock also advanced 15 points from the purchase price, we were therefore able to raise the stop so that a 10 point profit was assured. Stromberg was finally closed out November 28th, at 85½—a profit of 22½ points.

November 20th: After fluctuating around the 82 level for several days, the average price of fifty stocks reacted in two days to about 80½. Such a reaction was entirely in order.

At the high prices of this morning the averages are probably not far from 83, indicating that nearly all the reaction has been regained in less than three sessions.

All remaining original stops may now be raised to not less than two points from the purchase prices. The practice of raising other stops so that five and ten point profits are assured, should be continued as the market advances.

You will doubtless appreciate the advantage of reducing the original risk so that on the stocks on which the stops were not automatically raised by our previous advices, they were now reduced to not over two points instead of three or five points, as they originally stood. The great thing in stock trading is to keep your risk and your losses down, and whenever it is possible to reduce the risk, it is best to do so. Most people pay little attention to the amount of risk; they take a few points profit, but they will hold on to a trade until very often it will run into ten, fifteen or twenty points loss. We reverse that rule by never undertaking a trade unless the probable or indicated profit is two or three times the amount risked. By moving stop orders, as above, we increase the ratio of probable profit to the amount ventured.

During all of these four weeks we carefully studied the market. Not now and then, as some people do it, but all the time, every day, from 10 to 3, we watched every quotation just as we always do, and endeavored to interpret the significance of everything that was occurring in the market. We were not (as some people do) studying foreign trade or building statistics, or money rates, or dozens of other so-called factors which, instead of being barometers of stock market movements, are in many cases a mere reflection of the latter. We derived our information from the action of the market itself, just as you judge the character of an individual by his actions.

With the exception of the reaction which occurred just prior to November 20th, there was no change in the character of the market until between 2 and 3 P. M. on Monday, November 26th. At that time the very highest point in the whole movement was reached. The averages that day recorded 83.59. Observing this change we decided that if further indications of a reaction appeared the next day, we would close out our long position, for by doing so we would not only realize a large profit in cash, but we would thus release buying power and place ourselves in a position actually to benefit by such a decline. The reactionary indications for which we were watching did appear on Tuesday, November 27th, and we therefore, in our regular issue of that date, stated as follows:

> Within the past six sessions the average price of fifty stocks has gained about a point and a half—from 82 to 83½, approximately—thus carrying this group into the highest ground since June. With the exception of two or three days, the rise has been continuous since October 31st, or about four weeks.

Regardless of any temporary action of the market, we must bear in mind that it has recovered about 40% of the decline since last March, and that it is getting into territory where many of those who bought on previous bulges are ready and willing to get out even or at a

* This stock rose to 185 after we bought it, but as will be seen in later text, stop order at 178 was afterward reached and the trade closed out at 5 points profit.

profit. This is bound to bring a certain amount of resistance to further advances. Judging from the action of the market today we are of the opinion that a certain amount of distribution is likely to occur in a number of groups. We do not believe such distribution will be sufficient to indicate a reversal of the trend, but it may be the forerunner of a fair sized reaction. For this reason it is advisable for those who are endeavoring to make trading profits to act accordingly.

We therefore advise all subscribers who are working on the Technical Position of the Stock Market to close out their trading commitments after the opening, Wednesday, November 28th, and thus place themselves in a position to repurchase if and when such reaction occurs.

This record of results should indicate to you just how we operate and should prove to you the value of the Service. We have had many campaigns which proved more profitable than this, and some on which the results are not so good; but taking a dozen or so campaigns throughout the year, we have been able to produce an average net profit which amounts to a liberal percentage on the capital thus employed.

The table showing buying and selling prices, etc., indicates every transaction, but we find that the majority of our subscribers operate in the active speculative stocks. Frequently they use our advices as to buying and selling points as a guide and a confirmation of their own judgment, and the stocks they select are either some that we recommend or those that they themselves choose. We have many successful and experienced traders among our subscribers.

We have other services for genuine investors, specvestors and traders. But the Investment and Business Service is especially designed for all classes except those who require personal and individual advice. Naturally those who follow our Trading Advices, as indicated by the "Technical Position" page, take a more speculative position than those who operate on the other advices in this same Service.

The questions which you should therefore put to yourself are these:

Can I, ON MY OWN JUDGMENT, decide the right TIME to buy and sell?

Am I able to select the stocks which are likely to have THE MOST IMPORTANT MOVES within a GIVEN TIME?

Can I secure FROM MY BROKER, or from ANY OTHER ADVISOR information which, at the end of the year, will total MORE POINTS PROFIT THAN POINTS LOSS?

Groups	Stocks	Price Bought	Sold	Loss	Profit
STEEL	U. S. Steel......	90⅝x1½=89⅛	95⅛		6
	Bethlehem	49½	54⅜		4⅞
	Crucible	62	66		4
	Gulf States......	76½	83½		7
	Republic	45¼	49½		4¼
	Youngstown	64	67		3
EQUIP.	Baldwin	120¼	128⅜		8⅛
	Gen. Electric.....	172½	178		5½
	Lima	66x1=65	65		
	Westinghouse ...	57½	58⅝		1⅛
	Pullman	124½	122¼	2¼	
	Gen. Tank......	47½			
MOTOR	Studebaker	98⅜x2½=95⅞	103		8⅛
	Mack Truck.....	73	85¼		12¼
	Chandler	48	53⅝		5⅝
	White	48½	51¾		3¼
	Maxwell A......	43¼	53		9¾
OIL	Pan Am. B......	53	58		5
	Cosden	24¼	30		5¾
	S. O. Ind.......	55⅛x⅝=54½	59		4½
	S. O. Cal.......	51¼x½=50¾	55⅛		4⅜
	Texas Co.......	39¼*S.O.		3	
	Marland	22	26½		4½
	Houston	49⅛	53		3⅞
RAIL-ROAD	Balt. & Ohio....	57	58⅜		1⅜
	Ches. & Ohio....	67⅜	71⅛		3¾
	Gt. No. pfd.....	54	58½		4½
	N. Y. Central...	100½	104		3½
	No. Pacific......	53	54⅛		1⅛
	Union Pacific....	129½	133¼		3¾
	Reading	74⅜	79⅛		4¾
	Southern	35	36½		1½
	Wabash pfd. A...	35	34¾	¼	
	Atl. Coast Line..	113¾	116		2¼
	Erie 1st pfd......	27½	28½		1
	Rock Island.....	24¼	23¾	½	
ACCESS.	Stewart Warner..	77⅝	87½		9⅞
	Stromberg	63	85½		22½
SUGAR	Am. Sugar......	52½	57½		5
	Punta Alegre....	50¼	53½		3¼
FOOD	Corn Products...	126⅝	132⅜		5¾
	Postum	50⅛	51		⅞
CHEM.	Allied Chem.....	64	67⅛		3⅛
	Alcohol	53	62¾		9¾
MISC.	Can	95⅛	101		5⅞
INDUS.	Eastman Kodak..	105⅛	109⅛		4
	Sears Roebuck...	82⅜	85⅜		3
	DuPont	130	128½	1½	
	Jones Tea.......	34½*S.O.		3	
	Nat'l. Enameling.	40	40⅛		⅛
	Montgomery Ward	24⅜	24⅜		
	Int. Paper.......	34	35¼		1¼

The above does not necesarily indicate our present position, but merelv the fact that on November 27th, we thought it advisable to make sure of these profits. This left us free to repurchase whenever thereafter the market indicated the advisability thereof.

These are the questions which you should answer for yourself, and if you cannot answer them in the positive you should put our Investment and Business Service to the test by entering a trial subscription for three months at $50, with the privilege of paying an additional $100 at the expiration of that period, providing you are satisfied with the results obtained. Without the coupon below no subscriptions for less than one year at $150 will be accepted.

INVESTMENT AND BUSINESS SERVICE,
42 Broadway, New York City.

I enclose herewith check for $50 to cover Special Three Months' Trial Subscription to your Investment and Business Service. It is agreed that in case I am satisfied with the results obtained during the next three months, I will have the privilege of extending the subscription for a further nine months on payment of $100, making a total for one year's Service $150.

Name ....

No. and Street...

City and State...
Dec. 8

New York Stock Exchange

	Pre-War Period 1909-13 High	Pre-War Period 1909-13 Low	War Period 1914-18 High	War Period 1914-18 Low	Post-War Period 1919-1922 High	Post-War Period 1919-1922 Low	1923 High	1923 Low	Last Sale Nov. 28	Div'd $ per Share
RAILS:										
Atchison	125⅛	90¼	111¼	75	108½	91¾	105⅛	94	97⅝	6
Do. Pfd.	106¼	96	102⅛	75	95½	72	90⅛	86¾	87	5
Atlantic Coast Line	148½	102½	126	79⅞	124⅞	77	127	109⅞	115	7
Baltimore & Ohio	122¼	90⅝	96	88¼	60¼	27⅜	59¾	10⅛	58⅝	5
Do. Pfd.	96	77¼	80	48¼	66¼	38½	60⅞	55¼	59	4
Canadian Pacific	283	165	220⅛	126	170⅞	101	160	139¼	146⅞	10
Chesapeake & Ohio	92	51⅛	71	35⅜	79	46	76⅜	57	72	4
Ches. & Ohio Pfd.	..	..	..	..	105⅝	100⅝	104⅞	96	100¼	6½
C. M. & St. Paul	165⅛	96¾	107⅛	35	52¾	16½	26⅜	11¼	13¾	..
Do. Pfd.	181	130½	143	62⅛	76	29	45½	21	25⅛	..
Chicago & Northwestern	198½	123	136⅞	85	105	59	88	58½	63	5
Chicago, R. I. & Pacific	..	..	45¾	16	50	22⅜	37⅞	19⅛	23¼	..
Do. 7% Pfd	..	..	94¾	44	105	64	95	72	83¼	7
Do. 6% Pfd	..	..	80	35¼	93¾	54	85	60⅞	72	6
Delaware & Hudson	200	147½	159⅛	87	141½	88¼	124½	93¼	108⅛	9
Delaware, Lack. & W.	340	192½	242	160	260½	93	130½	109⅞	117½	6
Erie	61¼	33½	59⅛	18¾	21⅜	7	19⅝	10⅛	19⅛	..
Do. 1st Pfd	49¼	26¼	54¾	15⅛	33	11⅛	29⅜	15	28½	..
Do. 2nd Pfd	89⅛	19½	45⅝	13⅛	23¾	7⅛	23¼	10¾	23¾	..
Great Northern Pfd	157⅞	115½	134¾	79¼	100⅝	60	80	50⅝	58⅞	5
Illinois Central	162⅛	102¾	115	85¾	115¾	80⅞	117½	101	103	7
Kansas City Southern	50¼	21⅛	35⅛	13½	28⅞	13	24⅞	15⅝	18½	..
Do. Pfd.	75½	56	65½	40	59½	40	57¾	48⅝	‡52½	4
Lehigh Valley	121¼	62½	87⅛	50⅜	72	39¾	71⅛	54	62½	3½
Louisville & Nashville	170	121	141⅞	103	144⅞	94	155	84⅜	89	5
Mo., Kansas & Texas	51⅛	17½	24	3⅛	*19¼	*¾	17	9¼	12⅛	..
Do. Pfd.	78¼	46	60	6½	*48¾	*2	45½	24⅞	30½	..
Mo. Pacific	*77½	*21½	38¼	19⅞	38⅞	11⅛	19⅜	8¼	‡9⅞	..
Do. Pfd.	..	..	64⅞	37½	63¼	33¾	19⅜	8¼	9⅞	..
N. Y. Central	147¾	90¾	114¼	62½	101⅛	64⅛	104⅞	90½	104	7
N. Y., Chicago & St. Louis	109¼	90	90¾	55	91½	23¾	79¼	67½	77½	6
N. Y., N. H. & Hartford	174¾	65⅝	89	21½	40⅞	12	22½	9⅝	14⅝	..
N. Y., Ont. & W.	55⅝	25¼	35	17	30½	16	21⅝	14¼	16¼	..
Norfolk & Western	119¼	84¼	147¼	92⅝	125¼	84¼	117⅝	100	107½	8
Northern Pacific	159½	101¾	118⅞	75	99⅞	61¼	81½	49¾	54	5
Pennsylvania	75⅝	53	61½	40¼	49¾	32¼	47⅜	40⅞	41⅛	3
Pere Marquette	*36½	*15	38¼	9½	40⅝	12⅛	47¼	36	41⅞	4
Pitts. & W. Va.	..	..	40¾	17¾	94	21⅛	50⅝	33⅞	41	..
Reading	[illegible]	59	115½	60⅛	108	60¾	81⅛	68½	78¾	4
Do. 1st Pfd	46¾	41¼	46	34	61	32⅞	56½	44	‡53½	2
Do. 2nd Pfd	[illegible]	42	52	33¾	65¼	33¼	56¾	45	‡53	2
St. Louis-San Francisco	*74	*13	50½	21	38⅞	10¾	27	16¾	19⅞	..
St. Louis Southwestern	40⅛	18½	32⅛	11	40	10⅞	63⅞	25½	33	..
Southern Pacific	139⅛	83	110	75¾	118⅛	67½	95¼	84¼	89⅞	6
Southern Ry	34	18	36¾	12½	33¼	17⅛	37⅞	24¾	36⅜	..
Do. Pfd.	86⅞	43	85¼	42	72½	42	70⅞	63	67	5
Texas Pacific	40½	10¼	29½	6½	70½	14	29½	14	19	..
Union Pacific	219	137¼	164⅜	101¼	154¾	110	144⅞	124½	133¾	10
Do. Pfd.	118½	79¾	86	69	80	61¼	76½	70½	‡71	4
Wabash	*27⅞	*2	17½	7	14⅜	6	11½	7½	10¼	..
Do. Pfd. A	*61¼	*6⅛	60½	30⅞	38	17	35¼	23¼	34¾	..
Do. Pfd. B	..	..	32⅞	18	25½	12¼	22½	16½	22	..
Western Maryland	*56	*40	23	9¼	17¼	8¼	15	8	9½	..
Western Pacific	..	..	25½	11	40	13¾	20¼	12	13½	..
Do. Pfd.	..	..	64	35	78	51½	63⅜	53	56¼	6
Wheeling & Lake Erie	*12⅞	*2½	27⅛	8	18¾	6	10⅝	6	‡7½	..
INDUSTRIALS:										
Adams Express	270	90	154½	42	84	22	82	67	‡73	6
Allied Chem.	..	..	..	..	91¾	84	80	59¼	67¼	4
Do. Pfd.	..	..	..	..	115½	83	112	105¼	109	7
Allis-Chalmers	10	7⅜	49⅛	6	59¾	26⅛	51¼	37¾	41⅝	4
Do. Pfd.	43	40	92	32½	104	67½	97½	80	92	7
Am. Agr. Chem.	63⅝	33½	106	47¾	113¾	26½	36⅞	10⅛	12½	..
Do. Pfd.	105	90	103½	89⅛	103	51	67⅞	25¼	‡36	..
Am. Beet Sugar	77	19¼	108½	19	108¾	24½	49½	25	39½	..
Am. Bosch Mag.	..	..	..	..	143⅞	29⅛	60	22⅞	33⅛	..
Am. Can	47⅜	6⅞	68½	19¼	76½	21¾	106	73½	100¾	5
Do. Pfd.	129¼	98	114½	80	113⅞	72	115	106	109⅛	7
Am. Car & Fdy	76½	36½	98	40	201	84⅛	189	148¼	161	12
Do. Pfd.	124¾	107½	119⅛	100	126⅛	105¾	125⅞	117	‡121⅞	7
Am. Cotton Oil	79¼	33½	64	21	67½	14¾	20¼	3¾	9	..
Do. Pfd.	107½	91	102¼	78	93	33½	38¼	14	27⅛	..
Am. Express	300	94¾	140½	77½	175	76	143½	87	90	6
Am. Hide & Leather	10	3	22⅛	2½	43⅛	5	13¾	6⅛	‡7½	..
Do. Pfd.	51⅞	15⅛	94⅞	10	142⅜	35	74¼	29¾	43¾	..
Am. Ice	..	..	49	8⅞	122	87	111½	78	85	7
Am. International	..	..	62¾	12	132¼	21¾	33½	16	25¾	..
Am. Linseed	20	6⅞	47¼	20	95	17¾	38	13	16	..
Am. Loco.	74¾	19	98¼	46⅜	136¾	58	75¼	64¾	73½	6
Do. Pfd.	122	75	109	98	122¼	96½	140⅜	116	117	7
Am. Safety Razor	..	..	..	..	22	3½	9⅛	4⅞	6⅞	50c
Am. Ship & Com.	..	..	..	..	47½	4¾	21⅜	10⅜	12¼	..
Am. Smelt. & Ref.	105½	56⅝	123¾	50¼	89¾	29½	69½	51¼	59	5
Do. Pfd.	116¾	98¼	118⅛	97	109⅜	68¼	102⅜	93	‡95½	7
Am. Steel Fdys.	74½	24⅛	95	44	50	18	40⅞	31⅜	38¼	3
Do. Pfd.	..	..	..	..	107	78	105¼	97⅞	‡101½	7
Am. Sugar	136⅜	99⅞	126⅜	89⅛	148⅜	47⅝	85	48	57⅛	..
Do. Pfd.	133½	110	123½	106	119	67½	108¾	91	98	7
Am. Sumatra Tob.	..	..	145¾	15	120½	23¼	36⅜	16	18¼	..
Do. Pfd.	..	..	103	75	105	52¼	65¾	37½	‡37¼	..
• Am. Tel. & Tel.	153⅜	101	134½	90⅜	128¼	92⅛	125½	119⅛	125	9
Am. Tobacco	*530	200	256	123	314½	104⅛	161¾	140¼	147⅝	12
Do. B	..	..	..	..	210	100⅛	105⅞	100⅛	100¾	6
Am. Woolen	40⅝	15	60⅞	12	169½	55½	109⅝	65	72⅝	7
Do. Pfd.	107¼	74	102	72½	111¼	88½	111⅞	96⅝	‡100	7
Anaconda	54⅜	27½	105¾	24¼	77⅞	30	53½	32⅜	38½	3
Associated Dry Goods	..	..	28	10	68¾	48	89	62¼	81½	4
Do. 1st Pfd	..	..	75	50½	86	49⅞	89	82	‡85	6
Do. 2nd Pfd	..	..	49½	35	91½	38	93½	84	86	7
At. Gulf & W. I.	13	5	147¾	4½	192⅝	18	34	9¼	‡14⅜	..
Do. Pfd.	32	10	74¾	9⅞	76½	15¾	27	6¾	‡12	..
Baldwin Loco.	60¾	36½	154½	26⅝	156¼	62¼	144¼	110½	128⅜	7
Do. Pfd.	107½	100¼	114	90	118	92	116¾	110	‡111	7
Bethlehem Steel B	*51⅝	*18¾	155½	59¾	112	41⅛	70	41¾	54⅜	5
Do. 7% Pfd.	80	47	186	68	108	87	97½	87	93	7
Do. 8% Pfd.	..	..	110½	92½	116⅝	90	111¼	100¼	‡105¾	9
Burns Bros. A	45	41	161½	50	147	76	144¾	100	105	10
Do. B	..	..	..	..	53	43	43	21½	23¾	2

Price Range of Active Stocks

INDUSTRIALS Continued:	Pre-War Period 1909-13 High		War Period 1914-18 High		Post-War Period 1919-1922 High		1923 High		Last Sale Nov. 28	Div'd $ per Share
	High	Low	High	Low	High	Low	High	Low		
Calif. Packing	..	..	50	30	87½	48¾	87	77	82	6
Calif. Petro.	72½	16	42⅝	8	71⅞	15¾	29¾	17⅛	23⅜	1¾
Calif. Petro. Pfd	95½	45	81	29½	98½	63	110½	90½	‡95	7
Central Leather	51¾	16⅛	123	25⅞	116½	22¾	40½	9⅝	10¼	..
Do. Pfd	111	80	117½	94⅞	114	57⅞	79¾	28⅛	29⅞	..
Cerro de Pasco	..	..	55	25	67⅛	23	50½	36½	42¾	4
Chandler Mot.	..	..	109⅞	56	141¼	38¾	76	43	53	6
Chile Copper	..	..	39⅜	11¼	29¼	7¼	30⅜	24½	27½	2½
Chino Copper	50⅜	6	74	31⅜	50⅞	16⅜	31⅞	14⅜	16¼	..
Coca Cola	..	..	..	..	82⅜	18	83⅜	65⅛	73⅜	7
Colum. Gas & E.	..	..	54⅛	14¼	114⅞	39¼	37¾	30⅛	32½	2.60
Columbia Graph	..	..	*166	*97	75¼	1⅛	..	..	..	..
Consol. Cigar	..	..	..	..	80	13½	39⅜	15	17⅜	..
Con. Gas	*165¼	*114½	*150½	*112½	*145⅜	*71¾	69⅝	56⅜	59⅞	5
Corn Prod	26½	7⅜	50½	7	134⅜	46	139¼	114⅜	132¾	8¼
Do. Pfd	98½	61	113½	58⅛	122⅜	96	122⅜	115½	‡119½	7
Crucible Steel	19⅜	6½	109⅞	12½	278½	49	84½	57½	65½	4
Cuba Cane Sugar	..	..	76⅜	24⅞	59⅜	5⅜	20	8½	13¼	..
Cuban Amer. Sugar	*58	*33	*273	*38	*605	10⅞	37⅜	23	31½	3
Endicott-Johnson	..	..	..	..	150	44	94¼	58⅞	63½	5
Do. Pfd	..	..	..	..	119	84	118	109	113	5
Famous Players	..	..	..	..	123	40	93	52	64½	8
Do. Pfd	..	..	..	..	107⅜	66	99¾	85½	‡85	8
Freeport Tex	..	..	70½	25⅜	64⅜	9⅛	22	9½	13⅞	..
Gen'l Asphalt	42⅞	15½	39⅜	14¼	160	32½	54	23	33⅛	..
Gen'l Electric	188½	129⅜	187¾	118	190	109½	190⅛	167⅛	182	8
Gen'l Motors	*51¾	*25	*850	*74½	42	8⅛	17½	12¾	13⅞	1.20
Do. 6% Pfd	..	..	99½	72¾	95	63	89	79	81½	6
Do. 6% Deb	..	..	..	..	94⅜	60	90	78⅜	81¾	6
Do. 7% Deb	..	..	..	..	100	69	105	93⅜	96	7
Goodrich	86½	15½	80¼	19⅜	93⅜	26⅜	41⅛	17⅜	21¼	..
Do. Pfd	109¾	73⅜	116¾	79⅞	109½	62½	92½	67⅜	72	7
Gt. Nor. Ore	88½	25½	50⅜	22½	52⅜	24⅞	36	25	33	2
Houston Oil	25½	8¾	86	10	116½	40½	78	40⅜	54⅜	..
Hudson Motors	..	..	..	..	26⅜	19½	32⅜	20	25¾	3
Hupp Motors	..	..	11⅜	2½	26⅛	4⅜	29½	15⅜	21½	1
Inspiration	21⅜	13⅞	74⅜	14¼	68⅞	28	43¾	23⅛	26	2
Inter. Mer. Marine	9	2⅛	50⅞	⅜	67⅜	7⅛	11⅝	4⅞	7⅜	..
Do. Pfd	27⅜	12½	125⅝	8	128½	36	47	18½	35⅛	..
Inter. Nickel	*227½	*135	57½	24½	33⅞	11⅛	16¼	10⅜	11¼	..
Inter. Paper	19¾	6½	75½	9½	91⅜	30¼	58⅝	27⅞	34¼	..
Invincible Oil	..	..	..	..	47⅛	5½	19¼	7⅛	10¼	..
Kelly Springfield	..	..	85¼	36⅞	164	25½	62⅛	20½	30½	..
Do. 8% Pfd	..	..	101	72	110¼	70¼	108	78	‡83	8
Kennecott	..	..	64¼	25	43	14⅜	45	29⅜	35⅛	3
Keystone Tire	..	..	46½	11	126¾	4¾	11⅛	1⅛	3	..
Lackawanna Steel	55⅛	28	107	26½	107⅜	82	..	..	..	..
Lima Locomotive	..	..	..	..	65⅜	52	74⅞	58¼	65⅛	4
Loews, Inc.	..	..	..	..	38⅜	10	21¼	14	17½	2
Loft, Inc.	..	..	..	..	28	7¾	11¼	6	8½	..
Miami Copper	30⅜	12⅜	49⅜	16½	32⅜	14⅜	30½	20½	21½	2
Middle States Oil	..	..	..	..	71⅜	10	12¼	3½	5⅜	..
Midvale Steel	..	..	98½	89½	62⅛	22	33⅜	21½	28½	..
Nat'l Lead	91	42½	74⅜	44	129¼	63½	136¼	108	‡125	8
N. Y. Air Brake	98	45	136	55⅞	145⅜	45½	42⅞	26⅝	41	4
N. Y. Dock	40¾	8	27	9¼	70¾	16¼	27	15⅛	‡16½	..
North American	*87⅞	*60	*81	*38⅞	100¼	32¼	24⅛	17½	22⅝	2
Do. Pfd	..	..	..	..	47¼	31⅞	48½	43⅝	44¼	..
Pacific Oil	..	..	..	..	69⅜	27½	48⅞	31¼	42½	3
Pan. Amer. Pet	..	..	70⅛	85	140⅛	38⅜	93½	53	62½	6
Do. B	..	..	..	..	111¼	84⅛	86	50½	59⅜	6
Philadelphia Co	59¾	37	48⅞	21½	48	26½	50½	41	42½	4
Phillips Pet	..	..	..	..	59¼	16	69⅝	19⅜	30⅛	2
Pierce Arrow	..	..	65	25	99	9¾	15¼	6⅛	8¼	..
Do. Pfd	..	..	109	88	111	18⅞	35⅛	13½	23	..
Pittsburgh Coal	*29⅜	*10	58¾	37½	74⅜	45	67⅞	58	59	4
Pressed Steel Car	56	16½	88¼	17¼	113⅜	48	81½	42½	‡54	4
Do. Pfd	112	88½	109½	69	106	83	99¾	80	‡84	7
Punta Aleg. Sug	..	..	51	29	120	24⅜	69¼	41⅞	53½	1¼
Pure Oil	..	..	143⅞	31⅞	61⅜	21½	32	16⅜	20⅛	1½
Ry. Steel Spg	54½	22¾	78½	19	126¼	67	123	99½	109½	8
Do. Pfd	113⅜	90¼	105½	75	120	92½	121½	112½	‡112½	7
Ray Cons. Cop	27½	7½	37	15	27½	10	17¼	9⅞	12⅜	..
Replogle Steel	..	..	..	..	93½	18	31¾	8	13⅛	..
Republic I. & S	49½	15¾	96	18	145	41⅛	66¼	40⅛	49	..
Do. Pfd	111¾	64½	112⅜	72	106¾	74	96⅞	84¾	93	7
Royal Dutch N. Y	..	..	86	56	123⅜	40½	55⅜	40½	50⅛	3.46
Shell T. & T	..	..	..	..	90⅛	30⅞	41¼	29⅛	‡33¼	2.06
Sinclair Con. Oil	..	..	67⅛	25¾	64¼	16½	39⅜	16	23	2
Stand. Oil N. J	*448	*322	*800	*355	*212	38⅜	44¼	30⅞	35⅜	1
Do. Pfd	..	..	..	..	120	100½	118¼	114⅜	116¼	7
Stromberg Carb	..	..	45¼	21	118¼	22⅛	94½	59½	66	8
Studebaker	49½	15⅜	195	20	151	37¾	126⅜	93¾	103½	10
Do. Pfd	98⅛	64½	119⅛	70	118⅛	76	115	112	‡115	7
Tenn. Cop. & Chem	..	..	21	11	17⅛	6⅛	12¾	5	9	1
Texas Co	144	74½	243	112	57¾	29	52⅞	34⅝	41	3
Tex. Pac. C. & O	..	..	..	..	195	15¾	24¾	5½	8⅞	..
Tobacco Prod	145	100	82⅜	25	115	45	64¼	46⅜	64¼	6
Transcontl. Oil	..	..	..	..	62⅜	5⅜	14¼	1⅛	3⅛	..
United Fruit	208½	126½	173	105	224⅜	95¾	183	152½	176¼	8
Un. Retail Stores	..	..	..	..	119¼	43½	84⅛	64⅜	‡63	..
U. S. Ind. Alco	57¼	24	171½	15	167	35⅛	73¼	40	62	..
U. S. Rubber	59½	27	80½	44	143⅜	40½	64⅞	30⅛	38	..
Do. Pfd	123½	98	115¾	91	119½	74	105	76¾	89½	8
U. S. Smelt. & R	59	30⅜	81½	20	78¼	26	48⅜	18⅜	22	..
U. S. Steel	94⅞	41⅛	136⅜	38	115½	70⅛	109⅜	85½	94¾	5¼
Do. Pfd	131	102½	123	102	117½	104	123½	116⅛	118⅞	7
Utah Copper	67½	88	130	48⅛	97½	41⅛	76½	56½	64	4
Vanadium	..	..	..	..	97	25⅛	44⅝	24⅜	30½	..
Va.-Caro. Ch.	70⅜	22	60¼	15	92½	20⅜	27	6⅛	9½	..
Do. Pfd	129½	62	115⅜	80	115⅞	57¾	67	17	29¼	..
Western Union	86¼	56	105½	53⅜	121⅛	76	119½	101⅛	‡108	7
Westinghouse Mfg	45	24¾	74⅞	32	59⅜	38⅞	67⅛	52½	59¼	4
White Motors	..	..	60	30	86	29¼	60⅞	45	52¼	4
Willys Overland	*75	*50	*325	15	40¼	4½	8½	5	7⅝	..
Wilson Co.	..	..	84¾	42	104⅞	27⅛	42¾	19	‡21	..
Woolworth	177⅜	76⅛	151	81½	223	100	287½	199⅛	‡281	8

* Old stock.
‡ Bid price given where no sales made.

ANSWERS TO INQUIRIES

(*Continued from page 254*)

onstrated. While speculative, we consider the company to have an excellent chance for future growth and feel that the stock has long-pull possibilities.

AMERICAN HIDE & LEATHER

Switch Suggested

Do you advise holding American Hide & Leather preferred stock?—R. M., Ithaca, N. Y.

American Hide & Leather preferred, in our opinion, has little chance of receiving any dividend payment for some years to come, and our advice is that you switch at this time into Cerro de Pasco, paying $4 per share per annum and selling at approximately the same price. Cerro de Pasco is one of the lowest cost producers of copper in the world, and earnings of the company, with the metal as low as 12 cents a pound, should be sufficient to cover the dividend with a fair margin to spare. With the metal selling at higher prices, there are possibilities of even a more liberal dividend rate. By making the switch you would be getting an immediate return on your money, and, in our opinion, have a stock with better prospects of advancing in price.

YOUNGSTOWN SHEET & TUBE

Attractive Steel Stock

Please give me your opinion of Youngstown Sheet & Tube.—R. L., Pasadena, Cal.

We consider Youngstown Sheet & Tube to be one of the most attractive of the steel group. In the first 9 months of this year the company showed $13.51 a share earned on the stock, so that the present dividend rate of 5% will be covered with a very wide margin to spare this year. The company is in good financial condition, ratio of current assets to current liabilities being approximately 3½ to 1. In the past few months the steel business has fallen off somewhat, but stocks in consumers' hands are low, and well informed steel people look for an increase in demand after the first of the year. We consider the stock to have good prospects at this time of advancing further in price.

DOUGLAS PECTIN

Earnings Less than Expected

I have 400 shares of Douglas Pectin stock. What do you think of it?—J. K. N., Syracuse, N. Y.

Douglas Pectin for the nine months ended September 30th, 1923, reported net earnings after depreciation and taxes equal to $1.58 a share on the 300,000 shares of no par stock outstanding. The company is in good financial condition, balance sheet as of September 30th showing current assets of $2.1 million as against current liabilities of only $244,012. The company early this year was expected to make a still better showing, but the short fruit crop, together with the high price of sugar, curtailed the company's business. We consider the stock to have good long-pull possibilities, but it is inclined to be rather slow and may not participate in the present general upward movement of securities, to as large a degree as other issues. A suggestion is that you switch part of your holdings into Wright Aeronautical, paying $1 per share per annum and selling around 12, and part into American La France Fire Engine, paying $1 per share per annum and selling around 11.

ISLAND OIL

Reorganization Plan

As a stockholder of Island Oil, do you believe it advisable for me to enter the reorganization plan and subscribe to the stock of the new Gulf States Oil & Refining Co., or had I better refrain from putting up any more money and accept my loss?—G. B. J., Saginaw, Mich.

Gulf States Oil & Refining Co. has an authorized capitalization of 4,900,000 shares of Class A non-voting stock and 100,000 shares of Class B voting stock. Of this there has been issued 1,500,000 shares of Class A and 100,000 shares of Class B. Island Oil stockholders have been given the right to subscribe to one share of the Class A at $3 a share for each share held. As there are 2,570,000 shares of Island Oil stock outstanding if all stockholders subscribed, it would increase the amount of oustanding Class A stock to over 4 million shares. The Gulf States Oil & Refining Co. has acquired the refining properties of the Island Refining Co. which will be subject to mortgages totaling $3 million. If the reorganization plan is carried into effect negotiations will be undertaken for the acquisition of the leasehold and other properties in Mexico belonging to the subsidiary companies of Island Oil & Transport Co. Properties now owned consist of 10,292 acres in Arkansas with an estimated daily production of 9,000 barrels. The stock of the Gulf States Oil & Refining Co. we regard as an uncertain speculation, and, in our opinion, you could use your money to better advantage elsewhere.

INTERNATIONAL AGRICULTURAL

Outlook Uncertain

What do you think of the reorganization plan of the International Agricultural Corporation. With the new money raised by this plan, do you believe that the company will now be able to make a good showing? I am a holder of both common and preferred stock and am anxious to know if there is any chance of my ultimately recovering the loss these securities show.—W. N. T., Paxton, Ill.

The reorganization plan of International Agricultural Corporation raises $9 million cash through sale of $10 million 7% cumulative prior preference stock at 90. Preferred stockholders have right to subscribe to this issue to extent of 10/13 of prior preference for each share held. For each share of prior preference subscribed for there will go a bonus of 2¼ shares of a new issue of 450,000 shares of common stock of no par value. Existing preferred and common stock will be retired, present holders of preferred

receiving 1⅓ shares of new common while common stockholders, in exchange for six shares of stock now held, will receive one share of the new issue. The new issue of prior preference stock has been underwritten by bankers at 90. This new money will place the company in good financial condition with ratio of current assets to current liabilities of 3 to 1. Under the plan maturity of bonds have been extended so that there will be no large obligations to meet for 19 years. Although the reorganization places the company in good financial condition we consider the outlook uncertain in view of the severe competition existing in this industry and the small margin of profit. If Henry Ford develops a fertilizer industry at Muscle Shoals this company may be adversely affected. Instead of subscribing to this prior preference stock we suggest the purchase of Willys-Overland 7% preferred at 72. This stock is not now paying dividends, but as the company will earn about 65% on the preferred stock this year, early dividend action is likely. There are 21% back dividends due.

DOUGLAS SHOE PREFERRED

Good Business Man's Holding

How do you rate Douglas Shoe 7% preferred stock? I have held 50 shares of this stock for some time and am perfectly willing to continue holding it if you regard it as a sound investment. Any recent information in regard to the company will be appreciated.—D. K., Boston, Mass.

W. L. Douglas Shoe 7% non-cumulative preferred stock we rate as a good business man's investment and see no reason why you should not continue to hold it for income. Balance sheet as of December 31, 1922, shows a working capital of \$4.4 million, ratio of current assets to current liabilities being 6½ to 1. As the company is free of funded debt and there is only \$3.8 million preferred stock outstanding, it can readily be seen that it is in a strong position from an asset viewpoint. The company does not publish income statements. Gross business has been as follows: 1916, \$8 million; 1917, \$11.9 million; 1918, \$15.3 million; 1919, \$16.6 million; 1920, \$24.4 million; 1921, \$15 million; 1922, \$13 million. Common stock is all controlled by W. L. Douglas and associates, and arrangements have been made for the appointment of three Trustees, to continue the business after his death on the same general lines as at present conducted.

JEWEL TEA

Sales Increased 25%

Any recent information you have in regard to Jewel Tea will be appreciated. I hold quite a little of the preferred stock and have been patiently waiting for dividends. Do you consider that the company will be able to pay a preferred dividend in the near future? Some time ago I also purchased a little of the common stock which now shows me a profit. Would you advise taking a profit at this time?—E. B. F., Utica, N. Y.

Sales of Jewel Tea to date are 25% greater than in the same period last year. This increase has been shown through more business done by each salesman, and has not been the result of adding on new

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SLICK STOCK SALESMEN NEED NOT APPLY IN PITTSBURGH

(Continued from page 247)

year. This local legislation required all persons, firms or corporations selling securities in Pittsburgh, to first obtain a license, the annual tax to be $10. The ordinance applied to stock salesmen as well as the brokerage house handling the issue. This municipal law had the desired effect. Many stock salesmen were persuaded by Mr. Gillespie's department to seek pastures new or suffer the consequences.

Several corporation officials decided that there were happier places in the country than Pittsburgh. Stock slicksters from other cities began to voluntarily cancel their periodical visits. The sum total represented many thousands of dollars saved each month to the pocketbooks of Pittsburgh people. And thus the same straight course that typified the fight against typhoid fever has made Pittsburgh stand out as clean, in a stock-promotion sense, although this fact has not been very widely known outside of the stock-selling fraternity.

It is interesting to note the reaction of Pittsburgh's activities as it affected other communities. While the Department of Public Safety in the stringent exercise of its police power was able to save the people of its jurisdiction from the grasping hands of the stock salesmen, it was handicapped to a very considerable extent in checkmating the work of the brokerage houses and salesmen operating out of Pittsburgh in nearby communities and as much further on as they were able to extend their selling campaign.

It took a courageous community to duplicate the efforts of Pittsburgh, but McKeesport asserted itself with a local ordinance with considerable success. Generally speaking, however, it was not until many communities in that section of Pennsylvania coupled the effectiveness of the Blue Sky Law, which became operative last August, with the service of the Investors' Vigilance Committee, Inc., that such communities were able to put stock salesmen on the run. The latter statement is borne out by a survey recently made by this Committee. We selected twelve communities at random which we believed would be affected by stock-selling operations out of Pittsburgh. In every instance, our survey showed a marked falling-off in stock-selling schemes emanating from the western Pennsylvania metropolis.

Land Pests

There is just one fly in the ointment, but it is becoming a pronounced pest. Pittsburgh is fast becoming a center for land operators in Ohio. Unfortunately, they operate in such a way that they are not amenable to the Blue Sky Law or the Pittsburgh ordinance. It is only by consistent and intensive education, exposing the firms and their practices, that real results in this direction can be obtained.

The plan of the land operators seems to be fairly well standardized. A colored man or foreigner is planted in a mining town or in the colored or foreign sections of small cities. He joins the churches and the lodges and makes friends rapidly. His job is to make the principal points of contact for the professional promoter who comes along in due time.

As each prospect becomes sufficiently interested in purchasing a plot of unimproved property across the line or in some Ohio town and can be persuaded to make an initial payment of $5 to $100, he is invited to inspect the property on a convenient Sunday and at the expense of the generous promoter. Limousine ride and sumptuous banquet is promised. The limousine turns out to be railroad fare to the State line which costs the promoter very little; together they limousine à la flivver to the property. En route feast at the lunch counter. Just enough time is spent on the property to obtain the necessary promissory notes and the lamb-like prospect is hurried away after being told that auto loads of other investors are coming.

Looking Over the City

On the way to the station, he is shown industrial districts, and invariably the proud announcement is made that Ford and Edison have either bought or expect to buy in the very near future within a stone's throw of the choice building lot that he has just acquired. The property is sold with the understanding that in case of death the entire amount of the original cost is to be returned to the estate. An official in one of the western Pennsylvania cities reported to us, the other day, that a miner was killed two months ago, and, instead of his estate receiving the $450 he had paid for his lot, the estate received but $50. A protest made to the President of the Land Company brought forth the answer that the salesman, who might have made this promise, had no authority to do so and was no longer in the company's employ.

It is our understanding that Ohio companies may sell Ohio properties in Pennsylvania provided the purchasers first see the property. By paying less than $4 each for a Sunday excursion, the company can thus take a man from Pennsylvania over the State line and show him the actual property before he buys, thus protecting themselves against prosecution under the law. Legally the companies are on the safe side; morally they have a lot for which to answer. It should be stated that such companies are not looked upon favorably by district and local Boards of Realtors, and, although the Pittsburgh Department of Public Safety and the Bureau of Securities of the Pennsylvania State Department of Banking, charged with the enforcement of the Blue Sky Law, are without jurisdiction at the same time they do not look favorably upon such projects.

If we may be permitted to moralize, it is our suggestion that now that Pennsylvania has a Blue Sky Law, which is being capably enforced, those who formulate public opinion in the Keystone State might very profitably direct their attention to paving the way for legislation in 1924, providing for a state commission

having jurisdiction over real-estate companies and their salesmen. New Jersey has had such a law in successful operation for some time. While the New Jersey Commission cannot control promoters selling their own properties, at the same time it can, and does, compel them to comply with the law as far as their jurisdiction extends. To sum it up, the New Jersey Real Estate Commission protects the people of that state against promiscuous land sharks as does the Blue Sky Law protect the people of Pennsylvania against the crooked stock promotions.

HOW HOLDERS OF LACKAWANNA AND LEHIGH CAN IMPROVE THEIR POSITION

(*Continued from page* 215)

net operating income has equalled 2.7 millions. Although 2 millions ahead of 1922, unless an improvement takes place in the last quarter net income will amount to only $1 per share on the company's stock. Lehigh Valley is in a sound cash position having a large net working capital, and no reduction of the dividend seems in prospect. Nevertheless, the statement is rather discouraging when compared to Reading's enviable earnings.

Why the Difference?

Why this difference in operating results between these two roads which handle in the main the same class of business? The Philadelphia & Reading has a denser traffic than its competitor and its average rate per ton mile is also higher. Consequently revenues per mile of road are much better than on the Lehigh Valley. Although maintenance and transportation expenses per mile are heavier on the Reading, they do not consume as large a percentage of gross revenues. Since fixed charges are practically the same, the Philadelphia & Reading's lower operating ratio enables it to secure a larger balance available for its common stock, even after the payment of preferred dividends.

The Lehigh Valley's situation is not quite as black as its recent earnings would indicate. It is spending abnormal sums on maintenance of equipment this year and is placing its rolling stock in good condition. At the end of the shopmens' strike an enormous proportion was unserviceable. When these unusually large expenditures are no longer necessary the road may be expected to show better net revenues.

Switch Into Reading Advisable

Reading stock appears to possess better possibilities than Lehigh Valley. Reading ex-rights at 57 yields 7% while Lehigh Valley at 42, with the estimated value of the coal rights deducted, yields 8.30%. Nevertheless, the greater security of the Reading dividend and more chance of a higher rate being paid sometime in the future, more than offsets the lower yield. It seems dsirable that holders of Lehigh Valley stock, who care to do so, transfer their investment into Reading.

Current Bond Offerings

Market Rather Inactive But Volume Expected to Increase Shortly

THE market for new bond issues could have absorbed more than the amount floated which was rather under the average for the period. This was probably due the anticipation of the Thanksgiving holiday period rather than to any lack of interest in the market. As usual, state and municipal issues led in point of view of amount offered. State or North Carolina did some heavy financing, putting out about 15 millions in various issues.

The present and immediately prospective future will undoubtedly pave the way to a good deal of miscellaneous financing. The money market is easy, money is flowing into agricultural sections, and, if not abnormally active, many of the industrial centers are fairly well occupied. There is, generally speaking, a large supply of surplus funds awaiting favorable opportunities for investment.

NEW BOND OFFERINGS

	Amount	Yield Off'd (%)
STATE AND MUNICIPAL		
State of North Carolina	$7,100,000	4.60
	3,750,000	4.60
	3,000,000	4.50
	1,250,000	4.50
	500,000	4.60
Pinellos Co., Fla....	500,000	5.25
Hillsborough Co., Fla	1,500,000	4.90
Los Angeles, Cal....	1,000,000	5.00
Buffalo, N. Y.......	700,000	4.05-4.15
FARM LOAN		
Pacific Coast Jt. Stk. Land Bks........	$2,000,000	4.85-5.00
PUBLIC UTILITY		
Minnesota Power & Light Co........	$8,300,000	6.15
Penn Central Light & Power.........	10,300,000	6.15
North. States Pr. Co.	10,000,000	6.70
INDUSTRIAL		
Webster Mills.......	$5,500,000	6.62
Cities Serv. Ref. Co.	2,500,000	7.40
General Amer. Tank Car Corp.........	3,000,000	6.00

Few Stock Issues

It is worthy of notice, however, that most of the new issues are of the fixed income-bearing type, meaning by that that few companies are in a position to finance themselves through stock issues, an exception to this being the case of Consolidated Gas which is selling $30,000,000 in stock.

WHAT MAY I EXPECT OF MY BANK?

(Continued from page 251)

of the borrower, the bank is warranted in refusing all hazardous applications that run counter to the responsible use of credit for which it is equipped. Should it not do so, it takes the risk of visiting upon the stockholder, and perhaps upon its depositors, the penalty involved in sustaining a business which has fallen into difficulties. The banker, then, cannot be properly expected to perform the emergency function which he is oftentimes regarded as charged with, to the exclusion of all else, but he must be ready to draw the line between what is sound and what is unsound sufficiently early and sufficiently plainly to give his busines customer due warning of the possible dangers ahead of him.

"Outside" Functions

There is a large variety of functions that have been gradually developed by the banks in their competition with one another, and that represent in part an effort at competition for business and in part a genuine auxiliary or by-product resulting from the natural processes of credit study. Possibly the outstanding feature of this kind is seen in the credit information which the bank supplies usually without charge to customers. It often happens that these customers lean heavily upon the bank for information about foreign buyers of their product, in the belief that the bank, through its branches in foreign countries, may have been able to equip itself with data that perhaps would otherwise have been inaccessible to the local business man. In many cases, this kind of information represents little more than an exchange. This is particularly true in the case of the large enterprise which obtains data from other business men which the bank values either for itself or for the service of its correspondents. Undoubtedly it is a kind of service that represents an entirely legitimate and desirable function for the bank to perform. The case is rather different with some of the other service functions that an institution, especially of the larger class, is often called upon to discharge. Purchases of commercial paper or investments designed to take up the spare funds of the customer and keep them occupied, are not to be objected to, especially when the bank has enough of that kind of business to place the management of it upon an independent departmental footing. The situation is different, however, when the various semi-agency, semi-commercial duties of buying or selling or even of pur-

chasing transportation, and of looking after different kinds of business interests in distant cities are considered. Many a bank has found its so-called service department non-productive and expensive, and has been obliged to reorganize it on a basis which required a flat charge for the services performed. When this was done, there was no serious criticism to be brought against it, except that it was rather tending to get out of the banking business. Under certain conditions, it was often paying a fairly high price for new business under the guise of performing services which involved it in substantial annual expense.

HOW FAR SHOULD A BANK GO IN SOLICITING NEW BUSINESS?

(*Continued from page* 249)

three quarters of one per cent in all) to cover the salary of solicitors whose duty is primarily to circulate freely among customers, find out whether they have any legitimate complaint, and advise the bank accordingly. This bank has about reached the limit of growth in its own community and is enlarging its deposit line only very slowly. In some years it has a slight retrogression, its deposits thus fluctuating around a slightly advancing line of normal growth when reduced to graphic form. Ordinarily, one half to three quarters of one per cent of deposits, often much less, will in an old bank accomplish the necessary results in maintenance. Everything over that may be reckoned as actual promotion or new business activities. With a bank not so well established, whose accounts are less strongly held, the situation calls for a little more outlay, and in that case the half and half division already suggested—one half to new business men and one half to maintenance account—is approximately fair.

Successful Solicitation

The secret of successful solicitation is as hard to state in bank business as elsewhere. It is largely a matter of personality and directness of appeal, and its greatest success is seen when a few basic considerations are presented cogently and clearly. At bottom, bank service is the same in one place as in another. The solicitor's function therefore consists in bringing a particular bank to the attention of the customer. His further effort is likely to consist in persuading the customer that his credit needs will be generously cared for, that his convenience will be served by the geographical location of the bank, and that he may expect friendly and cordial treatment in a personal way. Beyond these considerations argument to bring him in must be based largely upon the ability of the bank to undertake special functions in his behalf, as, for instance, the financing of foreign trade—but these are forceful only in a small percentage of cases. Just how far the solicitor should go in his credit representations, and some of the evils that are found in abuses in this connection, will be considered at a later time.

UNLISTED UTILITY BOND INDEX

POWER COMPANIES

	Investment Grade	Asked Price	Yield
Adirondack Power & Light 1st & Ref. 5s, 1950	B..	100	6.00
Adirondack Electric Power 1st 5s, 1962	A..	96	5.25
Alabama Power Co. 1st 5s, 1946	B..	91½	5.65
Appalachian Power Co. 1st 5s, 1941	B..	89½	5.95
Appalachian Power Co. 7s, 1936 (Non-Callable)	B..	101	6.90
Ashville Power & Light 5s, 1942	B..	95	5.40
Carolina Power & Light 1st 5s, 1938	B..	94½	5.55
Central Maine Power 1st & Gen. Mtge. 7s, Ser. A, 1941	B..	105½	5.45
Colorado Power Co. 1st 5s, 1953	B..	87½	5.95
Consumers Power Co. (Mich.) 1st 5s, 1936	B..	96	5.45
Electrical Development of Ontario 5s, 1933	B..	95	5.70
Great Northern Power Co. 1st 5s, 1935	B..	91	6.15
Great Western Power Co. 5s, 1946	B..	92	5.65
Hydraulic Power 1st & Imp. 5s, 1951	A..	98	5.45
Indiana Power Co. 7½s, 1941	B..	103	7.20
Idaho Power Co. 5s, 1947	B..	87½	6.00
Laurentide Power Co. 1st 5s, 1946	A..	93	5.55
Madison River Power Co. 1st 5s, 1935	A..	98½	5.20
Mississippi River Power 1st 5s, 1951	B..	93	5.50
Nebraska Power Corp. 1st 6s, 1949	B..	100½	5.99
Niagara Falls Power 1st & Cons. Mtge. 6s, 1950	A..	104	5.50
Penn.-Ohio Power & Light 8% Notes, 1930	B..	103	7.40
Puget Sound Power Co. 1st 5s, 1933	A..	97	5.35
Salmon River Power 1st 5s, 1952	B..	95	5.30
Shawinigan Water & Power 1st 5s, 1934	A..	100	5.00
Southern Sierra Power Co. 1st 6s, 1936	A..	100	6.00
Wisconsin Edison Co. 6s, 1924	A..	100	6.00

GAS AND ELECTRIC COMPANIES

	Investment Grade	Asked Price	Yield
Bronx Gas & Electric 1st 5s, 1960	B..	89	5.78
Burlington Gas & Light 1st 5s, 1955	B..	83	6.25
Buffalo General Electric 1st 5s, 1939	A..	100	5.00
Cleveland Elec. Ill. Co. 5s, 1939	A..	99	5.05
Cons. Cities Light, Power & Traction 1st 5s, 1962	C..	66	7.80
Dallas Power & Light 6s, 1949	B..	100	6.00
Denver Gas & Electric 1st 5s, 1949	A..	93	5.50
Evansville Gas & Electric 1st 5s, 1932	B..	95	5.80
Houston Light & Power 1st 5s, 1931	B..	95	5.80
Indianapolis Gas Co. 1st 5s, 1952	B..	86	6.05
Nevada-California Electric 1st 6s, 1946	B..	94	6.45
Oklahoma Gas & Electric 1st & Ref. 7½s, 1941	B..	103½	7.20
Oklahoma Gas & Electric 1st Mtge. 5s, 1929	B..	95	6.10
Portland Gas & Coke 1st 5s, 1940	B..	92	5.75
Rochester Gas & Electric 7s, Series B, 1946	B..	109	6.10
San Diego Cons. Gas & Electric 1st Mtge. 5s, 1939	B..	93¾	5.60
Syracuse Gas Co. 1st 5s, 1946	A..	94	5.80
Tri-City Railway & Light 5s, 1930	B..	91	6.75
Twin State Gas & Electric Ref. 5s, 1953	B..	80	6.50
United Light & Railway 5s, 1932	B..	87½	6.95

TRACTION COMPANIES

	Investment Grade	Asked Price	Yield
Columbus Street Railway 1st 5s, 1932	B..	88	6.80
Detroit United Railway 1st Coll. 8s, 1941	B..	107	7.30
Galveston-Houston Electric Railway 1st 5s, 1954	B..	84	6.17
Kentucky Traction & Terminal 5s, 1951	C..	75	7.15
Knoxville Railway & Light 5s, 1946	C..	83	6.40
Minn. Street Ry. & St. Paul City Ry., Jnt. 5s, 1928	B..	93	6.80
Memphis Street Railway 5s, 1945	C..	75	6.70
Northern Ohio Traction & Light 6s, 1926	B..	97	7.10
Nashville Railway & Light 5s, 1953	B..	87	5.95
Schenectady Railway Co. 1st 5s, 1946	C..	67	8.20
Topeka Railway & Light Ref. 5s, 1953	B..	86¾	6.10

HOLDING COMPANIES

	Investment Grade	Asked Price	Yield
American Lt. & Trac. 6s, 1925 (Without Warrants)	A..	101½	5.20
American Gas & Electric 6s, 2014	B..	94	6.35
American Power & Light 6s, Series A, 2016	B..	93	6.45
Federal Light & Traction 1st 5s, 1942	B..	87	6.18
General Gas & Electric s. f. 7s, 1952	B..	100	7.00
General Gas & Electric 1st 5s, 1925	B..	99	5.70
Middle West Utilities 8s, 1940	A..	106	7.35
Standard Gas & Electric 7½s, 1941	B..	103⅝	7.05

TELEPHONE AND TELEGRAPH COMPANIES

	Investment Grade	Asked Price	Yield
Bell. Tel. Co. of Canada 1st 5s, 1925	A..	98½	5.40
Chesapeake & Potomac Tel. Co. (Va.) 1st 5s, 1943	A..	95	5.40
Home Tel. & Tel. Co. of Spokane 1st 5s, 1936	A..	95½	5.45
Western Tel. & Tel. Collateral Trust 5s, 1932	A..	98	5.30

PUBLIC UTILITY BOND MARKET UNCHANGED

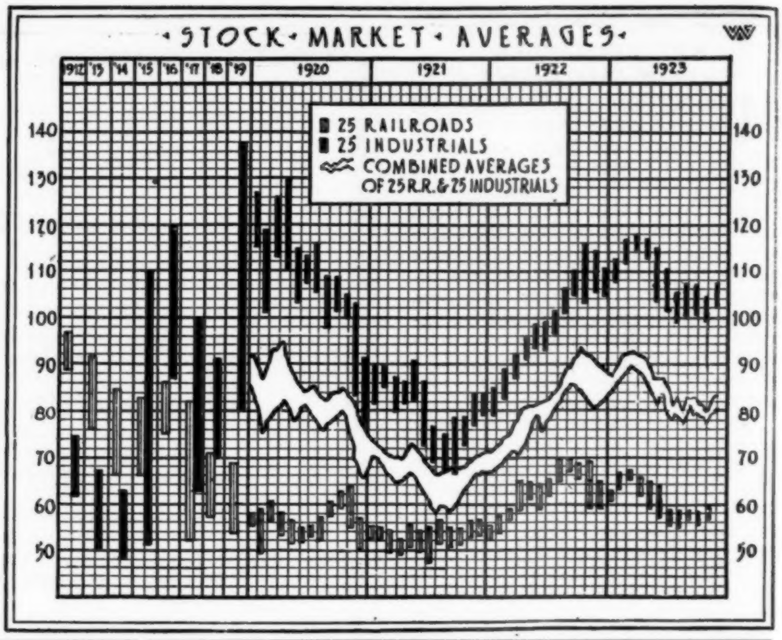
Prices Hold Steady

MARKET for unlisted bonds and notes of public utility corporations continues dull and unchanged, though a better demand for some of the short-term notes was reported by some brokers. As has been pointed out several times in these columns, the short-term notes of the utilities, many of which were put out during the war period, are becoming scarcer as the year progresses. Many of them are being retired and replaced by obligations showing a lower interest rate while, on the other hand, it is indicated that there has been steady absorption of these issues.

New issues have been slow in coming out the past few weeks, but it is still indicated that several large offerings are likely to come on the market shortly. Bonus talk, with implied threat of financing from Government sources, is being given less credence, and at present does not seem a market factor of any consequence. What is more of a market factor is imminence of new issues, though in this respect it is noted that, with a background of a year's earnings, many utility companies are expecting to do their financing through the medium of preferred stock issues. This tendency should increase as there is no indication that utility earnings are on the downgrade. The recent offering of Consolidated Gas is a case in point. American Water Works & Electric Co. has just announced that it is seeking authority to increase its preferred from $10,000,000 to $20,000,000, so that financing through the sale of 7% preferred is likely.

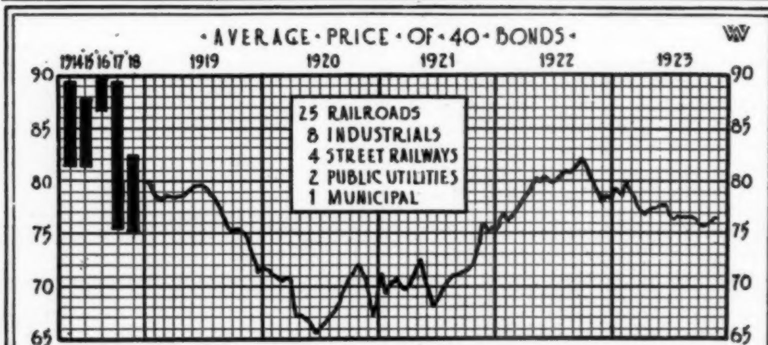
American Light & Traction 6% notes, with warrants attached, advanced following the announcement that its chief subsidiary, Detroit City Gas Co., was in line for a rate advance, but subsequently lost the gain on indications that the authorities would contest the higher rate. As a straight investment proposition, the 6% notes, selling around 100, do not offer any great attractions owing to near maturity. They mature in 1925, and it is quite probable that, when Detroit City Gas Co. once again gets an adequate rate and earnings are reflected in better figures for the parent company, that this issue will be retired at the call price of 101.

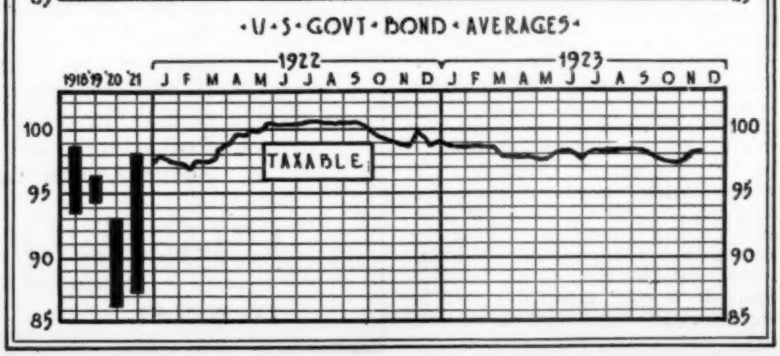
The same issue with warrants attached, selling around 105, or five points above the issue without warrants, should be attractive to the investor with a bent for an element of speculation. The warrants entitle holders to purchase common stock in the ratio of two-thirds of a share for each $100 face value of notes held at $147 a share up to May 1, 1924, and thereafter to maturity May 1, 1925, at $152 a share. Obviously with the stock selling below 130, the rights are now apparently without value. However, Detroit City Gas for years was the company's chief earner. Company has practically received no return from this investment for some time. Only as recently as last year the common touched 150, and was above 200 in 1920, and sold close to 300 in other years. It is quite conceivable that in time the rights may become a valuable asset.



MARKET STATISTICS

	N.Y.Times 40 Bonds	Dow, Jones Avgs. 20 Indus.	Dow, Jones Avgs. 20 Rails	N.Y.Times 50 Stocks High	N.Y.Times 50 Stocks Low	Sales
Friday, November 16...	76.36	90.33	80.28	81.94	80.87	870,235
Saturday, Nov. 17......	76.23	89.65	79.80	81.15	80.44	378,557
Monday, November 19..	76.26	91.35	80.56	82.13	80.99	907,940
Tuesday, November 20..	76.28	91.26	80.77	82.54	81.70	881,594
Wednesday, Nov. 21....	76.27	92.17	81.45	83.23	82.21	1,371,780
Thursday, Nov. 22......	76.21	91.83	81.59	83.50	82.48	1,541,000
Friday, November 23...	76.38	92.13	81.25	83.19	82.29	1,017,275
Saturday, Nov. 24......	76.36	92.60	81.20	83.01	82.55	537,562
Monday, November 26..	76.40	92.88	81.52	83.59	82.74	1,233,150
Tuesday, November 27..	76.45	92.61	81.48	83.51	82.58	1,122,715
Wednesday, Nov. 28....	76.31	92.41	81.61	83.04	82.31	883,070
Thursday, Nov. 29......			HOLIDAY			





IMPORTANT DIVIDEND ANNOUNCEMENTS

Ann. Rate		Am't Declared		Stock Record	Payable
—	Amer Bank N com.	$5.00	Ext	12-15	12-31
$3	Amer Bank N pfd..	75c	Q	12-15	1- 2
$6	Amer Loco com....	$1.50	Q	12-13	12-31
$7	Amer Loco pfd....	$1.75	Q	12-13	12-31
$6	Amer Tobacco pfd..	$1.50	Q	12-10	1- 2
$6	Adams Express.....	$1.50	Q	12-15	12-31
$3	Advance Rumely pfd	75c	Q	12-15	1- 2
7%	Allied Ch & Dye pf	1¾%	Q	12-14	1- 2
$6	Amer B Sugar pfd..	$1.50	Q	12- 8	12-31
7%	Amer Can pfd.....	1¾%	Q	12-13	1- 2
$6	Amer Chain com...	$1.50	Ini	12-31	1- 2
$2	Amer Chain Cl A..	50c	Q	12-21	12-31
$1	Amer Stores	25c	Q	12-21	1- 2
7%	Armour & Co pfd..	1¾%	Q	12-15	1- 2
7%	Atlantic C L com..	3½%	SA	12-14	1-10
7%	Baldwin Loco pfd..	3½%	SA	12- 1	1- 1
7%	Baldwin Loco com.	3½%	SA	12- 1	1- 1
—	Beechnut Pkg com.	60c	Ext	12- 1	12-10
$8	Bklyn Union Gas...	$2.00	Q	12-15	1- 2
$6	Cal Packing	$1.50	Q	11-20	12-15
$2	Calumet & Arizona.	50c	Q	12- 7	12-24
$2	Calumet & Hecla...	50c	Q	12- 1	12-17
$4	Chesa & Ohio com.	$2.00	SA	12- 7	1- 1
$6.50	Chesa & O cum pfd	$3.25	Q	12- 7	1- 1
—	Childs Co. com....	$2.85		11-26	12-10
7%	Childs Co. pfd.....	1¾%	Q	11-26	12-10
$7	Coco Cola pfd.....	$3.50	SA	....	1- 1
$7	Coco Cola com....	$1.75	Q	....	1- 1
$10	Col Elec & P com.	$2.50	Q	12-14	1- 2
$7	Col Elec & P 1st pf	$1.75	Q	12-14	1- 2
$7	Col Elec & P 2d pfd	$1.75	Q	12-14	1- 2
$6	Computing Tab Rec	$1.50	Q	12-21	1-12
—	Congoleum Co (stk)	300%		....	....
$8	Con GEL&PBal com	$2.00	Q	12-15	1- 2
$8	Con GEL&PB pf.A	$2.00	Q	12-15	1- 2
$7	Con GEL&PB pf.B	$1.75	Q	12-15	1- 2
$2	Continental Oil	50c	Q	11-23	12-15
$7	Cosden & Co pfd..	$1.75	Q	11-15	12- 1
$3	Cub Am Sug com..	75c	Q	12- 8	1- 2
$2	Domes Mines Ltd..	50c	Q	12-31	1-20
$1	Douglas Pectin Cor	25c	Q	12- 1	12-31
$8	Du Pont de N com	$2.00	Q	12-5	12-15
$6	Du P de N deb stk	$1.50	Q	1-10	1-25
$6	DuP de N Pow com	$1.50	Q	1-19	2- 1
$5	DuP de N Pow pfd	$1.25	Q	1-19	2- 1
$5	Eastman Kodak com	$1.25	Q	11-30	1- 1
—	Eastman Kodak com	$1.25	Ext	11-30	1- 1
$6	Foundation Co com	$1.50	Q	12-1	12-15
$7	Foundation Co pfd.	$1.75	Q	12-1	12-15
—	Glen Alden	$2.50	—	12-1	12-20
6%	Gulf States Stl pfd	1½%	Q	12-14	1- 2
7%	G States St 7% pfd	1¾%	Q	12-14	1- 2
$3	Hudson Motor Car.	75c	Q	12-20	1- 2
$3	Imperial Oil	75c	Q	11-15	12- 1
$6	Ingersoll Rand pfd	$3.00	SA	12-24	1- 1
8%	Ingersoll Rand com	2%	Q	11-24	12- 1
—	Ingersoll Rand com	$20.	Ext	11-24	12- 1
—	Ing Rand cm (stk)	10%	Q	12-14	1-10
$4	Inter Cement com..	$1.00	Q	12-15	12-31
7%	Inter Cement pfd..	1¾%	Q	12-15	12-31
6%	Inter Salt	1½%	Q	12-15	1- 2
—	Inter Salt	1%	Ext	12-15	1- 2
—	Iron Pdts Corp com	$1.50	Ini	1- 2	1-14
8%	Kresge S S com...	2%	Q	12-15	12-31
7%	Kresge S S pfd....	1¾%	Q	12-15	12-31
7%	Laclede Gas L com	1¾%	Q	12- 1	12-15
$5	Laclede Gas L pfd.	$2.50	SA	12- 1	12-15
6%	Market St R pr pfd	$1.50	Q	12-10	1- 2
$7	May Dept Stores pf	$1.75	Q	12-15	1- 1
4%	Montana Power cm	1%	Q	12-13	1- 2
7%	Montana Power pfd	1¾%	Q	12-13	1- 2
9%	National Surety....	2¼%	Q	12-21	1- 2
6%	NY Ch & StL com	1½%	Q	11-15	1- 2
6%	NY Ch & StL pfd	1½%	Q	11-15	1- 2
$2	North Amer com..	50c	Q	12- 5	1- 2
6%	North Amer pfd...	1½%	Q	12- 5	1- 2
80c	Pennok Oil	20c	Q	12-15	12-22
—	Pennok Oil	20c	Ext	12-15	12-22
$1.50	Pure Oil Co com..	37½c	Q	11-15	12- 1
5%	Pure Oil 5% pfd..	$1.25	Q	12-15	1- 1
6%	Pure Oil 6% pfd..	$1.50	Q	12-15	1- 1
8%	Pure Oil 8% pfd..	$2.00	Q	12-15	1- 1
$7	Reming Type 1st pf	$1.75	Q	12-22	1- 1
$8	Reming Type 2d pfd	$2.00	Q	12- 8	12-20
7%	Rep Iron & St pfd	1¾%	Q	12-15	1- 2
—	Rep Iron & St pfd	2%	Acc	12-15	1- 2
$8	Schulte Ret St com	$2.00	Q	1-15	3- 1
$8	S Por Rico Sug pfd	$2.00	Q	12-10	12-31
—	U S Cast Iron pfd	2%	Ext	12- 1	12-15
5%	U S Cast I P pfd	1¼%	Q	12- 1	12-15
—	U S Cast I P com	1½%	—	12- 5	12-20

Over-the-Counter

IMPORTANT ISSUES
Quotations as of Recent Date*

American Arch (5P)	78 — 85
American Book Co. (6)	90 — 93
American Cyanamid (4)	86 — 88
Pfd. (6)	76 — 78
American Thread pref.	3⅞— 4¼
Amer. Type Founders (6)	83 — 87
Pfd. (7)	97 —100
Atlas Portland Cement (4)	92 — 97
Babcock & Wilcox (7)	107½—109
Borden Co. (8)	121 —123
Pfd. (6)	101 —103
Bucyrus Co.	44½— 46½
Pfd. (7A)	108 —112
Celluloid Co. (6)	80 — 85
Childs Co. (8)†	182 —185
Pfd. (7)	112 —115
Crocker Wheeler (1¾)	30 — 50
Pfd. (7)	78 — 88
Curtiss Aero & M.	12 — 14
Pfd.	32 — 37
Franklin Rwy. S. new w. i.	68 — ..
Jos. Dixon Crucible (8)	134 —137
Gillette Safety Razor (12P)	251 —255
Ingersoll Rand (8)	E150 —160
Johns-Manville, Inc. (3P)	90 — 97
McCall Corp'n	48 — 52
Pfd. (7B)	114 —118
New Jersey Zinc (8P)	149 —153
Niles-Bement-Pond	27 — 29
Pfd. (6)	75 — 85
Phelps-Dodge Corp'n (4)	130 —140
Poole Engineer'g (Maryland):	
Class A	18 — 22
Class B	7 — 11
Royal Baking Powder (8)	125 —135
Pfd. (6)	97½— 99
Safety Car H. & L. (7)	90 — 93
Savannah Sugar	59 — 61
Pfd. (7)	80 — 82
Singer Mfg. Co. (7)	124 —126
Superheater Co. ($8P)	172 —178
Thompson-Starrett (4)	58 — 65
Victor Talking Mach. (8)	147 —152
Ward Baking Co. (8)	146 —152
White Rock (5)	54 — 56
2nd Pfd. (5)	55 — 58
1st Pfd. (7)	80 — 85
New Stock w. i.	10¾— 11¼
Yale & Towne (4)	62 — 64

* Dividend rates in dollars per share designated in parentheses.
† Listed on N. Y. Curb Exchange.
P—Plus Extras.
x—Ex-Dividend.
A—Arrears of 9% being discharged at regular intervals.
B—Arrears being discharged at rate of 7% annually in addition to regular dividend rate.
E—Ex 22%.

THE investment-security market, as exemplified by the Over-the-Counter issues shown in our list, exhibited great strength and was increasingly active in the fortnight just ended. There was an insistent demand for the better-grade securities, and some particularly impressive price changes occurred in several of those which have been singled out in past issues for recommendation here. The following tabulation compares the prices at which a few of these securities were offered two weeks ago and actual sales prices recorded since, thus affording a measure of the market's advance:

	Offered Price Nov. 22	Recent Sales Price	Points Increase
American Arch	74	78	4
American Cyanamid	79	88	9
Bucyrus Co.	43	46	3
Franklin Rwy. Supply	66	70	4
McCall Corp'n	45	50	5
New Jersey Zinc	145	153	8
Niles-Bement-Pond	31	33	2
Superheater	158	175	17

The following brief summaries of the present situation relating to the companies concerned may prove of interest:

AMERICAN ARCH—Strength in this security reflected continued good buying. The demand is believed to reflect a continuation of the company's recent high earnings rate, and possibilities of a larger dividend rate. As a manufacturer of essential railroad equipment, the company has participated actively in the railroad rejuvenation of the past two years, and is now enjoying a highly prosperous period. Its shares are well regarded by this Department at current levels.

AMERICAN CYANAMID—Assumption of a substantial interest in this company by a leading and well-known capitalist a few weeks ago seems likely to be found to have been based on the possibilities for further growth inherent to it. The spreading activities of the corporation have been discussed here in previous issues, and it would not surprise those who have watched its progress closely if new sources of revenue for it were to be found to have been developed. This Department sees no reason for withdrawing previous recommendations of the issue, although when first pointed out here, it was selling nearly 40 points lower. The company's present field, as already known, includes mining, agriculture, irrigation, fruit-farming and numerous other lines, contributing a stabilizing diversification to its earnings results.

BUCYRUS COMPANY—The renewed demand for shares in the Bucyrus Company, which carried the issue up to a new high on this movement, begins to bear out the favorable report rendered here in the last previous issue. The company now has arrears of only 9% on its preferred shares, and there is good reason to believe that arrears will have been discharged in full by this

time next year. Thus the position of the common shares may be said to be slowly improving.

SINGER MANUFACTURING—Buying in Singer Manufacturing during the fortnight was moderately active at the higher levels recently attained. As indicated here in the previous issue, Singer shares seem to possess unusual investment appeal at current levels. Over a period of 25 years, the company has not once failed to make a dividend payment, and the average return from it would rank high, not only because of such cash payments as 11% in '07, 15% in '08 and 30% in '09, but also because of such melons as the 200%, 100% and 50% cut in 1900, 1910 and 1920, respectively. Singer stock, being the only capital obligation of the corporation, the Singer Co. being a leader in a world-wide field, and Singer earnings, as illustrated last year, equalling $24 a share on the common issue, the security must evidently be classed among the attractive investments of our Over-the-Counter group. A record of Singer's cash and stock disbursements since 1898 is shown elsewhere. The stock's current selling price offers a yield of 5.60%. Thus, it is selling less on the basis of its present income than on its possibilities.

DIVIDEND RECORD

of the

SINGER MANUFACTURING COMPANY

Year	Cash	Stock
1898	30%	....
1899	100	....
1900	20	200%
1901	7	....
1902	9½	....
1903	12	....
1904	31	....
1905	13	....
1906	8	....
1907	11	....
1908	15	....
1909	30	....
1910	19	100
1911	12	....
1912	13	....
1913	16	....
1914	12	....
1915	8	....
1916	9	....
1917	10(a)	....
1918	10	....
1919	10	....
1920	2¼(b)	50
1921	60 frs.	....
1922	5½	....
1923	7	....

(a) Also Special Red Cross Dividend of 1%; also 2½ shares (par £) Singer Mfg. Co., Ltd., for 1 share of Singer Mfg. Co.

(b) Also 30 francs; also 1 share (par $1) of cumulative preferred shares of the International Securities Co. of New Jersey for 1 share of Singer Mfg. Co.

Dividends in francs were distributions from the Company's French credit balance.

FRANKLIN RAILWAY SUPPLY—The investment demand for this issue, which carried it up to $70 per share, finds offerings at current levels practically withdrawn. No dividend rate is shown for it in our table as the issue is not on a *regular* dividend basis. It is an income-bearing issue, however, and the corporation's activities in recent months, especially in the field of a special mechanism designed to increase the tractive power of locomotives, indicate that the interests of shareholders will be well protected. This issue has been recommended here since interest began to develop in it at a considerably lower price, and more recent developments have tended to strengthen the confidence expressed in it.

McCALL CORPORATION—Strength in McCall Corporation, which carried the common to a new high of 50 on this movement, calls attention to the analyses of it published in the issues of July 21st and September 29th, in this Department. No setbacks are reported in the energetic efforts of the present McCall management in establishing this organization on the soundest commercial footing, and stockholders, as the recent price trend in the stock obviously shows, have reason to congratulate themselves for the present régime. As a non-income-bearing common stock, this issue manifestly lacks some of the investment appeal inherent to other Over-the-Counter securities, but for those who can (and some might prefer) to forego income for the time, McCall appears to have a considerable appeal.

SUPERHEATER COMPANY—Superheater, in a new advance to as high as 175 (dividend on) which was a 20-point gain for the period, was probably the outstanding feature of the market. By the time this is published, the stock will be selling "ex" the recent 60% stock dividend, whose declaration was foreshadowed here. Present quotations on the new stock indicate that purchases of the old stock, even at the current price of 175, will be amply repaid. The new stock is being dealt in at $125, which is the equivalent of $200 per share for the old.

INGERSOLL-RAND CO.—The common stock of this company went "ex" December 1st of the extra dividend of $20 cash declared in November and also the regular quarterly dividend of $2 per share. Thus, its present bid price of $150 per share is the equivalent of $172 with the dividends on.

The company has submitted to the New York Stock Exchange a statement of earnings for the nine months to September 30th, last. It shows a net income of over $5,000,000 after depreciation and interest but before taxes, equivalent, after preferred dividends, to almost $23 a share on the 218,000 shares of common.

On January 10th, holders of record December 14th will receive the 10% stock dividend also declared in November, which will bring the common shares outstanding up to 240,680 of par $100.

Municipal Bonds

HIGHER GRADE MUNICIPALS

		Rate Interest	Maturity	Approximate Yield
N	State of Oregon Hway	4½	1935-45	4.40
N	Jackson, Mich.	5	Sept. 15, 1926-32	4.50
N	South Dakota	5½	Dec. 1933	104¼
N	Iowa	4½	Dec. 1935-40	4.35
	Akron, Ohio	5	Oct. 1927	4.80
	Norfolk, Va.	4½	Oct. 1947	4.60
	Norfolk, Va.	4½	March 1973	4.55
N	Topeka, Kans.	4¾	1931-32	4.55
N	Indianapolis, Ind.	6	Jan. 1927	4.50
N	State of California	5	July 3, 1946	4.45
	Kansas City, Mo., School Dist.	4½	July 2, 1937	4.45
N	State of Iowa	4¼	Dec. 1929	4.50
N	State of Iowa	4¼	Dec. 1927	4.50
	Buncombe County, N. C.	5	Nov. 1928-52	4.80
N	Newark, N. J.	4½	Oct. 1935-36	4.35
	Superior, Wisconsin	4½	Sept. 1934	4.50
	Portland, Oregon	4½	July 1935-53	4.50
N	State of West Va.	4½	1942	4.40
N	State of Kansas	4½	July 1939	4.40
	Omaha, Nebraska	5	March 1942	4.55
	Chattanooga, Tenn.	5	May 1940	4.65
	Nashville, Tenn.	4½	July 1935	4.60
	Hoboken, N. J.	5	July 1943	4.60
N	Camden, N. J.	4½	Sept. 1952-54	4.35
N	State of Illinois	4¾	Aug. 1934	4.40
N	State of Illinois	4¾	Aug. 1941-43	4.35
N	State of Illinois	4¾	Aug. 1930	4.45
N	State of Illinois	4	March 1939	4.30
	New Castle, Delaware	5½	April 1941	4.85
N	State of Minnesota	4½	July 15, 1943	4.35
N	Chicago, Ill.	4	Jan. 1927	4.45
N	State of Delaware	4½	Jan. 1963	4.30
	Cincinnati, Ohio, School Dist.	5	1932-40	4.40
	Mariocopa County, Arizona	6	1947-51	5.10
N	Seattle, Washington	4½	March 1930	4.65
N	Atlantic City, N. J.	4¾	July 1926-50	4.50
	Galveston, Texas	5	May 1933	4.90
	Canton, Ohio Reg'd	5½	1933-53	4.70
	Canton, Ohio Reg'd	6	1944-56	4.75
N	New York City	4¼	April 15, 1972	4.21
N	State of Missouri	4½	Nov. 1932	100½
N	State of New Jersey	4¼	July 1933	100½
N	Toledo, Ohio	4	Sept. 1927	4.60
	Wilmington, Delaware Reg'd	4½	Sept. 2, 1925	4.50
N	Jersey City, N. J.	4½	Sept. 1925	4.50
N	State of Mississippi	5½	May 1924	4.75
N	State of North Carolina	4½	Jan. 1931	4.50
N	Newark, N. J.	4½	Oct. 1928-31	4.40
N	Detroit, Michigan	5	Sept. 1942-45	4.50
	Norfolk, Va.	5	March 1950	4.70
	Memphis, Tenn.	5	July 1940	4.70
N	State of California	4½	July 3, 1942	4.40
N	Columbus, Ohio	5	1937-49	4.45
N	Baltimore, Md. Reg'd	5	March 1933	4.40

N—Legal for Savings Banks in New York State.

SCHOOL FOR TRADERS AND INVESTORS

(Continued from page 222)

would have sold at the top. "Buy 'em on weakness and close out on strong spots" says he, parrot like, with a nonchalance that a master of the art of trading would be too modest to betray, and when the next "strong spot" comes along he will probably interpret it as a signal that "they are about to go through the roof."

The novice is a chronic "bull," sees only one side of the market, and is usually on the lookout for evidence to justify or confirm a long position. One who invariably wants to buy before he sells is playing against big odds, for he has fifty percent of the probabilities against him from the start. The would-be active trader who enters Wall Street without knowledge of, or prejudice against, short selling, is almost certain to depart "short" of money and "long" of experience.

There is no business or profession in which one can get something for nothing. Nevertheless, professional men comprise an important class of those who believe they can operate successfully in the market without previous experience. Every competent professional man knows that he must spend long years in preparation and study before he is qualified to practice and conscientiously demand a fee for his services, yet in the stock market he will try to get results that depend on accurate judgment, without considering it necessary to acquire that judgment. He seeks something for nothing. The result is often nothing for something.

To become a successful speculator, one

must first gain experience. This is done best by operating in 10 share lots on a 50 point margin, or by paying for stocks outright. One of the first mistakes usually made by the inexperienced outsider is an effort to beat the market on a 5 or 10 point margin. Experienced speculators know that the greatest cause of loss and failure in Wall Street is the tendency to over-trade. By starting on a modest scale and with such a large margin of safety that no calamity, however serious, can affect his commitments more than temporarily, the trader will gradually acquire the requisite knowledge.

The first few ventures on the long side should be made only when big slumps occur in the market, for at such times stocks may be bought at ridiculously low figures. Purchases made in such periods should be held until the next boom comes, when profits of 25 to 100% may be realized on careful purchases. Conversely, the short side should be taken when the market begins to break, following a period of distribution, but as this position requires more technical knowledge than a long position, more experience and judicious use of such safeguards as stop-loss orders are necessary in order to secure good results.

Gradually the operator will learn to gauge the effect on prices of news, rumors, official statements and statistical reviews, and in time he will be able to anticipate conditions and base his operations accordingly. Close study of the various securities will enable him to classify the safe and unsafe issues, and distinguish between those of known value and unquestioned earning power, and the highly speculative and over-manipulated kind. He will learn by making mistakes, but if he starts cautiously, his original mistakes will not be costly, and they will serve to sharpen his memory and season his judgment.

The whole proposition of learning to speculate or invest is like anything else in life—you must learn to creep before you can walk. It is impossible to get anything without paying the price, and the price of success in speculation or investment is careful study, experience, thorough knowledge of securities and markets, and the methods of the men who make these markets.

To be a successful trader or investor, you must pay the price of essential knowledge. If you expect to get something for nothing in Wall Street, stav out!

DOLLARS FOR GERMANY

Bankers Here Will Transmit Christmas Money Gifts Free

Josephthal & Co., 120 Broadway, announced recently that they had enlisted in the plan to send dollars to 300 German cities without charge for the work, except postage and insurance costs.

The limit is $20, and the shipments are restricted to Christmas presents. The American banks are operating through arrangements with the Kommerz- und Privat-Bank of Berlin which, also, is giving the services of its 300 agencies free for the Christmas dollar distribution.

IS THE POWELL FIELD STILL A MENACE TO OIL INDUSTRY?

(*Continued from page* 245)

expected to do the same within a comparatively few months.

One straw which shows the direction of the wind was the recent increase in the price of Powell crude by the Magnolia Petroleum from 75c to $1.00 a bbl. This action was followed by the Texas Co., and is taken to mean that the large oil interests are anxious to obtain as much Powell crude as possible before the rapid decline sets in.

In the week ended November 17, every well in the Powell field was opened wide and production ran up to 354,893 bbls. on Tuesday. In spite of the fact that 31 wells were completed during the week the following Monday saw only 293,000 bbls. produced, a decrease of 62,000 bbls. from the high point.

The general feeling in oil circles is that with California definitely on the decline and Powell about to decline, the oil industry will soon find itself once more on even keel. By next spring, production and consumption will have struck a balance, and, unless untoward developments make their appearance, the oil industry should be in for a period of prosperity.

INDUSTRIAL ACTIVITY WELL MAINTAINED

(*Continued from page* 256)

The crude drugs market is dull, and buyers are apparently not interested. This is principally due to the fact that prices which have advanced for nearly two months are now at the peak and buyers are unwilling to incur the jeopardy of possible loss. Furthermore, a definite reaction is expected in the holiday season, a prospect which seems certain in view of the rather high prices demanded for the various items.

In dyestuffs, the situation is fairly firm. The tone of the market is good, and there is a steady though not over-generous volume of buying.

SUGAR

An Exceptionally Strong Position

Sugar prices have been markedly strong on account of depletion of refiners' supplies, and stocks are now virtually at an extreme minimum. It is altogether likely that sellers will have the advantage of the situation until new supplies from Cuba are made available. To complicate the situation, United Kingdom refiners who have been caught short are trying to compete with American refiners who were wise in covering their requirements earlier. European buyers generally are anxious about their supplies for the first quarter period of 1924. This has resulted in part from knowledge of the fact that the beet-sugar crop in Europe will not turn out as large as expected.

While political unrest in Cuba is to some degree responsible for the present strength of sugar it is noteworthy that there are at this time of writing only about 70,000 tons of sugar available on the island, most of which has already been sold to refiners. With this situation as a background, it is to be expected that sugar prices will advance.

UNRAVELING THE PUZZLE OF STOCK MARKET VALUES

(*Continued from page* 205)

without hope of paying more, selling at 118 and yielding only 5%, could profitably be switched into either Atchison paying the same dividends and selling 22 points lower or American Locomotive, also paying $6 dividends, actually selling 45 points under Lackawanna. Investors should watch for such opportunities.

Another instance of what should be a favorable switching opportunity is Atlantic Coast Line into N. Y Central. Both stocks pay dividends of $7 per share but Coast Line is selling at 113 whereas N. Y. Central can be had 11 points under that price. Both dividends are secure, but N. Y. Central yields considerably more.

On the other hand, it would be most inadvisable to switch from Western Union into Federal Mining & Smelting pfd. (See table.) Both pay $7 a share in dividends, and Western Union yields only 6.3% whereas the mining stock yields 16.6%. In spite of this wide spread, the writer would be the last to urge such a switch. Federal Mining & Smelting is a highly speculative issue with the dividend in an insecure position whereas Western Union belongs in the investment ranks and there is no reasonable doubt as to the security of its dividend.

It will be seen from all this that a great deal of discrimination is needed to afford success in investment or speculative investment. One should not buy stocks merely because they yield great amounts. On the other hand, one should not ignore them because of this reason.

Sometimes stocks will sell at unjustifiably low prices because of special reasons: thus, a depressed condition in the general market, short-selling, liquidation of an estate, etc., none of which factors actually have an important bearing on the actual value of the stock. On the contrary, stocks will sometimes sell at very high prices yielding small amounts, not because they are really worth such prices but for special reasons such as an inflated general market, a trapped short interest or a fight for control. Thus, while generally a low yield will afford a clue as to the integrity of a dividend, it is by no means the final criterion.

Possibly all this leaves the reader pretty much as it found him, so far as immediate practical value is concerned, but at least he can continue to assimilate the lesson that no permanent success is possible in security dealings, without a background of intensive study applied intelligently.

BANK STOCK REFERENCE TABLE

NATIONAL BANKS

Name	Dividend Rate $	Par Value	Book Value Sept. 15, 1922	Book Value Sept. 14, 1923	Recent Market $ Per Share Bid	Recent Market $ Per Share Asked
American Exch..........	15 Q J	$100	x$257	$262	285	292
Bronx	10 J & J	100	231	148	115	130
Butch's & Drvs..........	8 Q J	100	143	130	134	144
Chase	A 20 Q J	100	x209	x216	338	342
Chatham Phoenix........	16 Q J	100	193	193	249	252
Chemical	24 Bi-mo J	100	456	468	536	543
City	B 20 Q J	100	x227	x231	343	340
Coal & Iron.............	12 Q J	100	198	186	204	214
Commerce	C 12 Q J	100	251	258	306	308
East River..............	12 J & J	100	163	183	204	214
Fifth	9 Q J	100	188	199	230	240
First	D 40 Q J	100	x574	x659	1350	1400
First Nat., B'klyn.......	E 12 Q J	100	297	315	385	400
Garfield	F 12 Q M	100	262	264	275	285
Gotham	12 Q J	100	199	194	155	160
Hanover	24 Q J	100	510	538	705	...
Harriman	G 10 J & J	100	264	281	325	335
Mechanics & Met.........	J 20 Q J	100	278	268	373	378
Nassau Nat..............	K 12 Q J	100	257	268	250	...
Nat. American...........	....	100	153	151	140	150
Park	24 Q J	100	337	340	420	426
People's Nat............	H 8 J & J	100	270	288	250	275
Public	16 Q J	100	265	259	320	330
Seaboard	L 12 Q J	100	273	284	375	385

(A) Includes $4 paid by Chase Securities Corporation. (B) Includes 3% and 2% extra paid by National City Co. quarterly. (C) 4% extra Jan., 1923. (D) 10% extra paid by First Securities Corp., January, 1923. (E) 2% extra January, 1923. (F) 3% extra January, 1923; 5% extra July, 1922; 5% extra Jan., 1923; 5% extra July, 1923. (G) 5% extra July, 1922, and 5% extra January, 1923. (H) 2% extra July, 1922; 2% extra Jan., 1923; 2% extra July, 1923. (J) 2% extra July, 1922, and 2% extra January, 1923. (K) 3% extra January, 1923. (L) 2% extra January, 1923. (‡) Capital increased during year.

TRUST COMPANIES

Name	Rate $ Dividend	Par Value	Book Value Sept. 15, 1922	Book Value Sept. 14, 1923	Recent Market $ Per Share Bid	Recent Market $ Per Share Asked
Bankers	20 Q J	$100	$225	$221	351	354
Bank of N. Y. & Tr. Co...	20 Q J	100	395	402	468	475
Brooklyn	24 Q J	100	309	334	475	485
Central Union...........	24 Q J	100	253	274	507	515
Commercial	6 Q J	100	135	135	110	120
Empire	C 12 Q J	100	227	205	305	315
Equitable	12 Q J	100	229	‡144	192	195
Farmers L. & T..........	24 Q F	$100	397	423	538	543
Fidelity—Int'l	10 Q J	100	222	‡197	195	205
Fulton	12 Q J	100	247	260	250	265
Guaranty	D 10 J & J	100	170	173	245	248
Hudson	10 Q J	100	245	‡231	210	220
Irving Bk. Col. Tr. Co...	....	100	...	165	220	224
Kings County............	40 Q F	100	770	830	850	...
Lawyers T. & T..........	E 8 Q J	100	267	‡191	194	199
Manufacturers	G 12 Q J	100	210	‡200	275	...
Metropolitan	16 Q M 31	100	286	301	315	325
Midwood	....	...	158	148	150	160
New York................	20 Q J	100	273	263	348	351
People's	20 Q J	100	273	292	390	410
Title Gr. & Tr..........	K 12 Q J	100	294	‡236	382	387
U. S. Mtg. & Tr.........	M 16 Q J	100	250	248	305	310
United States...........	50 Q J	100	909	961	1225	1240

(C) 1% extra July, 1922; 4% December 30, 1922. (D) 2% extra January, 1923. (E) 2% extra July, 1922; 2% January, 1923; 1% extra July, 1923. (G) 2% extra October, 1922. (K) 4% extra June 30, 1922; 3% January, 1923; 4% extra July 2, 1923. (M) 4% extra January, 1923. (‡) Capital increased during year.

OUR OWN ALL-AMERICAN FINANCIAL TEAM

(*Continued from page* 212)

Their able assistant at LEFT HALF-BACK is the justly famous Rent Bill, who makes his appearance twelve times a year instead of once, but familiarity somehow does not seem to breed contempt. Between the two of them they put up a sturdy defence against the Average Citizen's attempt to carry his bank account forward for a net gain at the end of the year.

We nominate for the position of FULLBACK that well-known institution, the Market. In the last few weeks it has been showing all the kick that could be desired, and every now and then is able to break away for a long run until it is finally tackled and brought down. It is especially deserving of choice because of its persistent willingness to "come back" when least expected.

We anticipate little objection to the choice of Mr. Bryan as general DRAW-BACK to the financial team, in view of his long and appropriate record, ranging from free silver to the plan for forty-eight railroad commissions and rubber currency.

We are aware that the foregoing list is hopelessly incomplete. We have had to leave out many possibilities as umpires, referees, linesmen, side-line players, and the like. Should any of our readers feel that his toes have been stepped on through any of our selections, he is perfectly at liberty to substitute his own choice for the position.

THE LONG ARM OF HUGO STINNES REACHES OVER TO AMERICA

(*Continued from page* 208)

midable competition loomed. For that reason developments in the oil world from now on should be fraught with interest.

The rise of Stinnes' fortune has synchronized with the decline in the mark. Manufacturing and selling his products abroad for gold or the equivalent, and paying for his labor and his overhead in constantly depreciating paper currency, his profits have been enormous. No one knows what he is worth, not even himself. An estimate of $500,000,000 is probably ultra-conservative. The power he wields is out of all proportion to the money value of his fortune.

His is one of the strangest personalities in the world. Extreme reticence of speech and a great love for secrecy have thrown an almost legendary halo around his person. He is always dressed in an old, black cutaway or a dinner-coat, and when traveling is never without a small, black, hand-satchel. One might mistake him for a country doctor. He is constantly on the move and maintains dozens of offices in different cities. He cares nothing for display or luxury. His diet is mainly ham sandwiches and tea. When at home in Mülheim he lives in a small house with four windows on the ground floor and three on the second. It was the home of his grandfather who established the coal business which was the nucleus of the Stinnes fortune. Nothing in the world apparently interests him except business. He is fifty-three years old and has seven children. His wife is a self-effacing, mouselike type of the German "Hausfrau!" Even the photograph on her passport is twenty years old. He has trained his children into business machines like himself, all except the youngest son who shows many of the tendencies often unfavorably commented upon in rich men's sons.

Abstractly, the Stinnes type is not admirable. Concretely, however, he represents a tremendous power which must be reckoned with as it seems to be destined to play a very important part in the development of the world's industrial and financial history.

ANSWERS TO INQUIRIES

RAY CONSOLIDATED

Production Costs Over 12c

Having held some Ray Consolidated Copper stock for a long time without receiving any return on my money, I am beginning to wonder if I had not better let it go, take my loss and buy a stock that pays me something. What is your advice?—C. B. M., Cairo, Ill.

Ray Consolidated Copper is a relatively high-cost producer of copper, present costs being around 12 cents a pound. The big South American copper companies are now producing large quantities of the metal at well under 10 cents a pound, and this naturally tends to keep the price of copper down to a level where Ray Consolidated cannot make much money. For the 9 months ended September 30, 1923, Ray earned 95 cents a share on the stock but this was before deducting anything for depletion. It is possible that dividends may be resumed on the stock as the company is in strong financial condition, but a dividend rate of $1 a share is the most that can be anticipated and it is questionable how long this rate could be maintained. We consider it best to hold the stocks of copper companies that are very low-cost producers. A suggestion is that you switch into Cerro de Pasco, paying $4 per share per annum. This company's costs are so low that it can show excellent profits with the metal selling as low as 12 cents at which price Ray would be unable to operate profitably.

PIERCE OIL

Stocks Unattractive

Unfortunately I am hung up in Pierce Oil common and preferred stock at much higher prices and am undecided whether I should purchase more at the present prices in order to average down my price. Personally I feel that the oil situation is going to improve, but I am afraid that Pierce Oil may be too far gone to be brought back.—G. K., Providence, R. I.

Pierce Oil Co. at the beginning of the year was in weak financial condition and its credit poor. In view of the unfavorable conditions that have prevailed in the oil industry in recent months, it is naturally at this time in very bad shape. A

large amount of money will have to be raised to put the company back on its feet, and it is very questionable, in our opinion, whether the company will be able to obtain this money without calling on stockholders to help. Under these circumstances we do not consider either the common or preferred stock a good purchase at this time. Instead of buying more our advice is to dispose of your holdings and switch into some other security that is not in so precarious a position. A suggestion is Moon Motors paying $3 per share per annum and selling around 24.

INVINCIBLE OIL
An Uncertain Speculation

What is your advice to a holder of Invincible Oil? In spite of the recent advance in the price of the stock it still shows me a loss, but I prefer to take this loss if the outlook for the company is dubious and buy instead the stock of a stronger oil company.—S. J. L., Bradford, Pa.

Invincible Oil we regard as an uncertain speculation. It is true that the company has increased its production but, on the other hand, it has never been strong financially, and the present condition of the oil industry is one under which oil companies need a wealth of cash in order to store oil and wait for a better market. Balance sheet of the company as of December 31, 1922, showed bank loans of $1.4 million. At the present time, therefore, the company must be rather badly in neeed of additional funds. Recently there have been rumors that control of the company had passed to Standard Oil interests, but as yet there has been no confirmation of this rumor. If the company is obliged to raise additional funds the terms on which it could obtain this new money might be such that it would be an unfavorable development from the point of view of the stockholder. In view of the uncertainties existing we consider that it would be a good move on your part to switch into the stock of a stronger oil company. A suggestion is Pan-American B stock, selling around 59 and paying dividends at the rate of $8 per share per annum.

MARLAND OIL
New Financing

Last Spring I bought 100 shares of Marland Oil at over 50 a share and still have it. As the stock is bought outright fluctuations in market price do not affect me if the company is going to make good ultimately. Do you feel that this organization will be able to pass through the present depression in the oil industry without the interests of the stockholders being seriously impaired?—J. H., New Orleans, La.

Marland Oil has developed a large production, and under normal conditions in the oil industry should be able to show a large earning power. For the first six months this year net earnings were equal to over $6 million before deducting for depreciation. Of course, the depression in the oil industry in the last six months has adversely affected earnings of the company, and, as it has been obliged to store large quantities of oil, there has been a severe strain on its finances. Fortunately for stockholders, however, Marland Oil is in a strong enough position in the industry to obtain banking support and an issue of $10 million first mortgage 6½% bonds has already been arranged. This issue is expected to be followed by an issue of $5 million debentures. These additional funds should be sufficient to see the company through the present situation. The outlook is for improvement in the oil industry by the Spring of next year. If this turns out to be the case Marland will then be in a position to receive satisfactory prices for its stored crude. While the stock is decidedly speculative we consider that the chances are in favor of it ultimately working out satisfactorily.

THE BANKING SITUATION

(*Continued from page 252*)

lief that the bonds may be expected to advance in a decided degree during the coming weeks. Accordingly the portfolios of member banks are showing an increase in securities held, while customers' loans are tending to fall off and their commercial paper holdings are also down.

The effect of this movement of bank funds during the next few weeks will undoubtedly be that of sharply advancing prices of securities, and of putting them into position to yield a fair margin over purchase prices if they are wisely acquired. In spite of the fact that a tolerably satisfactory volume of business and manufacturing has been maintained, it remains that there has been a considerable decline in the quantity of credit required by manufacturers, and the outcome is to reduce very materially the actual advances that are needed in the commercial and industrial world. Accordingly, there has been decisive falling off in customers' loans in many parts of the country, while at the same time the agricultural demand for money has also "slowed down" considerably, as it always does at this season. This makes a very favorable situation for new financing of corporations.

Reserve Banks Reflect Status

The reserve banks themselves reflect the status fairly clearly. Their portfolio is beginning to recede, although moderately, and a larger share of it consists of bought paper, a smaller place being taken by rediscounts. Gold is again accumulating in the vaults, partly as a result of the increasing importations of gold, and partly in consequence of the fact that circulation is less active so that only a smaller amount of funds are required in actual business. The two factors taken together result in curtailing the draft of the actual exchange of goods upon the money supply and leave a much larger proportion free to go into the vaults of reserve banks. This may be seen from the study of the reserve ratio and the upward movement of actual gold holdings, particularly in some of the larger reserve banks.

Movement in Rates

A decided demand for a reduction of reserve rates has again set in, and, while it has thus far had no perceptible effect, considerable attention was given to this rate discussion at the meeting of reserve bank officials which took place in Washington during the week beginning November 11. Since then it has been continued at the several reserve banks, and there is some reason to expect a reduction of official rates before the end of the year. Meanwhile, reduction of rates is going on, practically, in the open market, time rates and commercial paper charges having already shrunk perceptibly, while call funds have held down to very moderate figures, notwithstanding the pronounced activity on the Stock and Produce Exchanges of the country.

CAMOUFLAGING COPPER EARNINGS

(*Continued from page* 241)

should regard copper dividends as not only return *on* capital but return *of* capital as well. In some cases, however, this principle was lost sight of which led to investors bidding up prices on copper issues higher than intrinsic values warranted.

Effect of Corporation Taxes

The great war with the corresponding great increase in personal and corporate taxation changed the academic matter of depreciation into one of vital and practical importance. It became an object for the copper companies to write down their income statements as low as possible and to charge off as much depreciation and depletion as the law allowed. By 1916 all of the copper companies had awakened to the value of depletion as an aid to reduction of taxes. For that reason, income statements as now reported, are not comparable with the statements preceding 1916.

Inasmuch as depreciation and depletion are merely bookkeeping items, it is evident that setting them up has no effect upon the quick assets position of a company. And neither is of importance from the stockholders' viewpoint, except in the case of companies with short lives. By the aid of a pencil and a rudimentary knowledge of accounting, the copper shareholder can figure out the earnings of his company before depreciation and depletion, and the result will give a basis on which to estimate dividend possibilities. The tables which accompany this article show the earnings of several of the important copper companies, figured before and after depreciation and depletion charges.

ANSWERS TO INQUIRIES

(*Continued from page* 263)

territory. It is estimated that earnings this year will be more than twice the annual dividend requirements on the 7% cumulative preferred stock. As no dividends have been paid this year the cash position of the company has been materially improved, and by the end of the year it is anticipated that the company will be entirely free of bank loans. Unless business of the company should take a turn for the worse, and there is nothing to indicate that it will at the present time, there would appear to be a very good chance of dividends being resumed on the preferred stock some time next year, and we consider the stock to have good speculative possibilities. The common stock is still a long ways from dividends in view of the 28% back dividends due on the preferred, and we believe a switch into General Motors would be advisable.

WHY I BELIEVE TAXES CAN BE REDUCED AND A SOLDIERS' BONUS PAID AT ONE AND THF SAME TIME

(Continued from page 203)

cowardly and positively dangerous. For if additional compensation is due to the veterans, we and not our grandchildren owe it and should pay it. Moreover, to set the precedent of meeting a current obligation in peacetime by mortgaging the future would be to fix a precedent which might cause constant bother. For if we do this for one thing why not for any and all others? Europe supplies us with innumerable examples of what flows from the governmental practice of meeting current obligations other than from revenues collected at the time.

The country owes an obligation to those who bought its securities during the war. To do anything to lessen the value of those securities, which the issuance of bonds in large amount would cause to be done, would be a violation of an almost sacred trust. Moreover, to float bonds for the bonus, as has been suggested, might disrupt the finance and economics of the country. I don't believe Congress for a moment will consider any such proposal.

And to issue script to be borrowed on by the beneficiaries will be almost as bad, for there is nothing so unwise as to establish a vicious cycle of loans upon loans.

Whatever is done should be done in a clean and outright way. Of course any large bonus which may be granted should be so designed that payments will be spread out through many years so that they won't be heavily burdensome on the Treasury at any one time. Moreover, it will be better for the bulk of the beneficiaries if the bonus is so arranged that payments will be received when most needed, which will be when the average of them are older than at present. Thus, I believe it should take the form largely of insurance. This is a matter of detail which must be worked out by Congress. What will be done no one knows but, as I stated, it seems very probable that a bonus will be granted by this Congress.

Foolish to Contend That We Cannot Pay

Whatever may be said on principle against the proposed bonus, it is foolish to contend now that the country cannot pay it. And considering the speed with which we have brought down governmental expenditures since the war, it is not probable that the granting of a bonus, the payment of which will be spread over a long period, would carry any great threat to the business stability of the nation.

In five years, we have reduced the cost of operating all those parts of the Federal government which do not come over from the war to almost the pre-war basis.

Of course the aggregate cost of the Federal government is more than three times what it was prior to the war. The total now is about $3,500,000,000. But approximately $2,000,000,000 of this is continuing war costs. We are paying nearly a billion a year in interest on the war debt, which we are retiring at the rate of a half billion or more a year. In fact the interest charge for this year is about one billion and a hundred million, and to date we have reduced the public debt at the rate of nearly a billion a year. Almost another half billion a year is spent for the relief of veterans of the World War. These items of expenditure will be continuing ones for some time. After they are covered, the cost of the Government is not exceeding $1,700,000,000, which, considering the changed level of costs applying to everything, is not greatly above the pre-war standard. Of this it should be remembered that between seven and eight hundred million is for the practically self-supporting postal service and for pensions granted on account of wars prior to 1917.

Thus the strictly ordinary expenses of the Federal Government—that is of the army and navy and the departments which are dependent upon taxes—is only about one billion a year. And of this $548,000,000 goes to the army and navy. The remainder, including the large sums which go to the States for expenditure on such things as roads and education, amounts to only $475,000,000.

No Room for Extravagance!

I do not call attention to these figures for the purpose of encouraging demands for new expenditures. A strict rule of economy should apply both to what is spent and what is proposed. This rule of economy can be well applied only by holding tax yields strictly to what is necessary for meeting obligations and by requiring that every new obligation be accompanied by a requirement that provision be made for raising funds to fulfill it. Then the taxpayers can be under no delusion about the fact that appropriations must be met from funds collected from them. This is not so apparent when surpluses are permitted to accumulate or we entertain the suggestion that taxes, such as those on some classes of income which already are beyond what is safe or expedient, be increased.

Towards economy, the Federal establishment alone of government in this country has been progressing during the last several years. The adoption of the budget system, the reduction in the number of government employees, the elimination of virtually all operations growing up during the war except the ones involving obligations to the Government's creditors or to men who suffered in its service, the figures which I have given all tend to assure the country that their Federal Government in matters of finance is safe and sane. It is to be regretted that as good showings cannot be made by all other governmental units.

I don't believe that, despite all the pressure constantly brought to bear on Congress for enlarging its appropriating activities, the public or that portion of it which is devoted to business, should have any grave fears of financial heresy becoming dominant at the Capital.

Certainly there is no imminent danger of any action that would make matters worse at least for the immediate future. The bonus, as I have indicated, might be granted without any present increase; possibly without any future increase being made in taxes. I believe it is possible to reduce taxes as they are and still grant the bonus. This may involve, however, some readjustment of taxes. I hope it will be made by putting additional burdens on luxuries, as I have suggested; and if such is done there still will be room for the achievement of what will approximate a reasonable lessening of the tax burden as it now rests on the body of the people.

TOTALLY EXEMPT FROM FEDERAL INCOME TAXES AND SURTAXES

$662,000

POINSETT COUNTY, ARKANSAS

DRAINAGE DISTRICT No. 7

5½% BONDS

(Being the Unsold Portion of a Total Issue of $5,040,000)

Dated $1,400,000 Jan. 1, 1918, $2,200,000 August 1, 1919, $1,440,000 Feb. 1, 1923. Denominations $1,000 and $500. Principal and semi-annual interest, February 1st and August 1st, payable at the Chase National Bank, New York, New York.

MATURITIES AND PRICES, TO YIELD 6.00%

$ 1,000	August 1, 1930,	@ 97.26	$25,500	August 1, 1940,	@ 94.77
1,000	August 1, 1931,	@ 96.94	26,000	August 1, 1941,	@ 94.59
14,500	August 1, 1932,	@ 96.64	26,500	August 1, 1942,	@ 94.42
11,000	August 1, 1933,	@ 96.35	32,500	August 1, 1943,	@ 94.26
15,500	August 1, 1934,	@ 96.09	68,500	August 1, 1944,	@ 94.12
19,500	August 1, 1935,	@ 95.83	74,000	August 1, 1945,	@ 93.98
19,500	August 1, 1936,	@ 95.59	59,000	August 1, 1946,	@ 93.84
22,000	August 1, 1937,	@ 95.36	87,000	August 1, 1947,	@ 93.71
22,000	August 1, 1938,	@ 95.15	72,500	August 1, 1948,	@ 93.60
16,500	August 1, 1939,	@ 94.95	48,000	August 1, 1949,	@ 93.49

POINSETT COUNTY is located in the northeastern part of the State of Arkansas, lying forty miles northwest from Memphis, Tenn., and separated from this large market by Crittenden County on the south and Mississippi County on the east. Crowley's ridge, three miles wide, extends north and south through the County, cutting it in half and dividing the rich, alluvial lands on the east from the lands on the west.

DRAINAGE DISTRICT No. 7 includes 196,780 acres, or 41% of the entire County, and takes in practically all that portion of the County lying east of Crowley's Ridge. The District includes the towns of Trumann, Marked Tree, Lepanto and Weona. The total population of the District is officially estimated at 12,000. There are five banks in the District, with ample capital and resources to properly finance the farming interests.

Transportation facilities are excellent. The District is served by the main line and a branch line of the St. Louis & San Francisco Railroad, the Cairo, Trumann & Southern, and the Tyronza Central Railroads, and also a tram road of the Poinsett Lumber & Mfg. Co. The Ozark Trail Highway, partly concrete, and other hard roads extend through the District, as well as numerous graded roads. The District is connected with Memphis by a splendid concrete road.

The lands in the District are similar to those in the Delta of Mississippi, and the use of fertilizers is unknown. The soil is a rich, alluvial deposit of great depth, and unsurpassed in productiveness by any land in the United States. Farm loans are being made in the District on improved lands by Federal farm loan banks and insurance companies at $40 per acre, and the lien of these bonds is a prior claim. The principal crops grown are cotton, corn, wheat and alfalfa. Cereals, vegetables and fruits can be grown.

Approximately one-third of the District is in cultivation at the present time. The balance of the acreage is covered with virgin hardwoods, which are owned by large and responsible corporations. As fast as the timber is cut these lands are sold to farmers. Land values range from $50 to $150 per acre. Mississippi County, which adjoins Poinsett on the east, is not only the first County in Arkansas from the standpoint of fertility of soil and crop production, but also one of the foremost in the United States. The soil is the same as that in Drainge District No. 7.

These bonds are issued to perfect the gravity drainage of the lands in the District. The improvements call for complete drainage of the lands in the District, and the proceeds of the present bond issue will complete the work.

These bonds are issued under authority of an Act of the Legislature of Arkansas in accordance with which benefits have been assessed against all real property in the District. These benefits, totalling $6,028,645, bear interest at the rate of 6% per annum, and have been approved by the county court, making them incontestable.

Taxes to pay principal and interest have already been levied on the lands, town lots and railroad rights-of-way in the District. These taxes exceed the requirements by a margin of 10%, and if necessary to liquidate the debt the full amount of benefits confirmed by the courts must be levied and collected. The highest tax rate for all purposes, including State, County, road, drainage, etc., on any land in the District, is $2.50 per acre.

Legality approved by Messrs. Rose, Hemingway, Cantrell & Loughborough, Attorneys, of Little Rock, Ark.

WE RECOMMEND THESE BONDS FOR INVESTMENT

Bond Department

Marine Bank & Trust Co.
215-231 Carondelet St.

Moore, Hyams & Co., Inc.
401-405 Canal-Commercial Bldg.

NEW ORLEANS

All statements contained in this advertisement are expressions of our opinion, based upon information and statistics from official reports and other sources, which we consider reliable and upon which we based our purchase of these bonds.

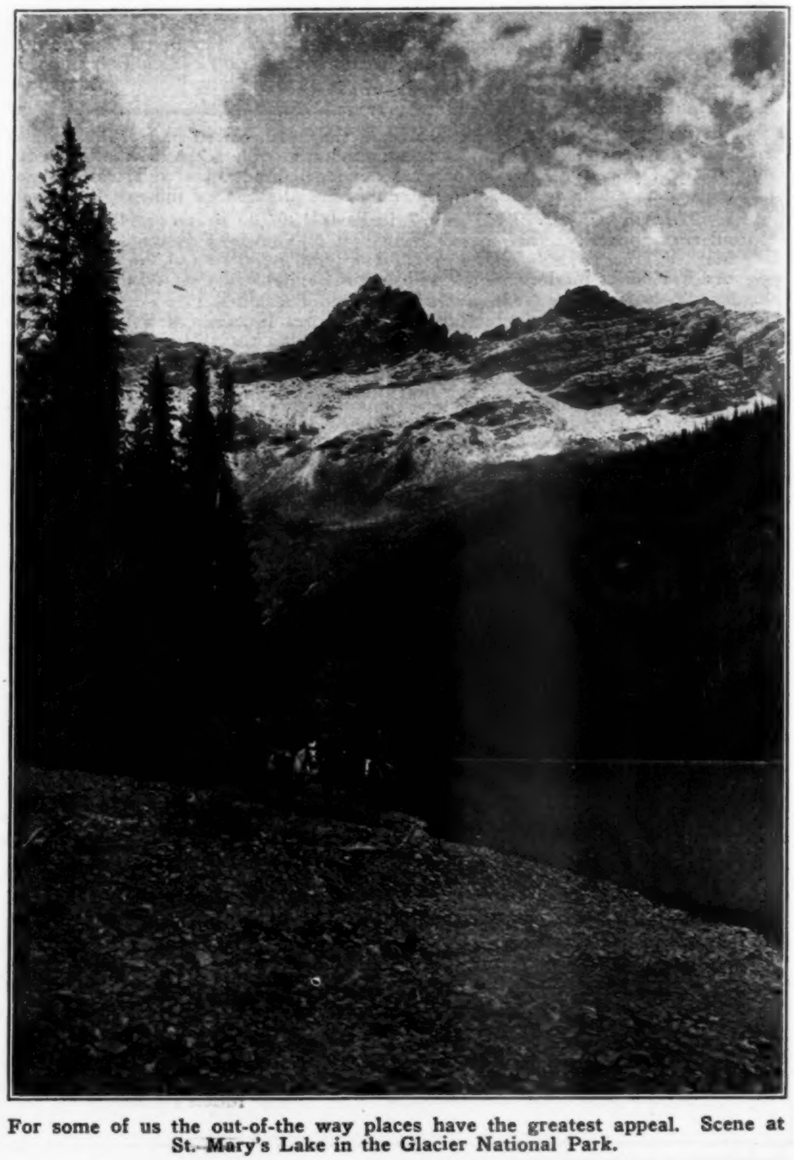
Dividends from Recreation

Modern Business Man Realizes Importance of Physical Fitness—World-Wide Opportunities for Recreation

In inaugurating this new feature in our columns, THE MAGAZINE OF WALL STREET *is but recognizing a need which we all share—the need of regular, healthful recreation of a sort to calm drawn nerves and restore overwrought bodies. We trust our readers will derive great benefit from the suggestions made here and that they will cooperate with us by sending in letters describing their personal experiences on their jaunts and expeditions. Snapshots will be very welcome.*

THE world is getting wiser. Not so speedily as some wish, but by degrees, nevertheless. The modern successful financial or business man subscribes, consciously or unconsciously, to both the psychical and materialistic theories, long familiar to students of philosophy. In other words, he knows that the condition of the human body exerts a tremendous effect upon the human mind as well as the mind upon the body.

For many years, the writer has been



For some of us the out-of-the way places have the greatest appeal. Scene at St. Mary's Lake in the Glacier National Park.

in almost daily contact with many of the country's most successful men in many different fields of endeavor. Some were short and others tall, some fat and some lean, some brusque in manner and others soft-spoken and courteous, some quick in speech and action and others slow. In short, there seemed to be no common characteristics, except one—that of good health. Ninety-nine times out of a hundred, your successful man of affairs has a strong heart action, good digestion and a liver which never answers back. Provided one has a good appetite the world never looks dark for long, unless there happens to be no immediate prospects of filling the aching void. Slam one of these successful men down on the pavement of adversity and he bounces up like a cork from a champagne bottle.

Exceptions Prove the Rule

One may point to exceptions which test the rule. The elder J. P. Morgan violated all rules of abstemious diet and exercise and had he possessed anything less than a prodigious constitution, would have passed away years before he did. Many of those who attempt to emulate him are doomed to speedy physical disaster.

Modern business men realize that exercise per se is not enough. A daily grind of calisthenics, while far better than nothing at all, does not exercise the mind. One must recreate as well as exercise. In other words, enjoy one's exercise. The old adage, "All work and no play makes Jack a dull boy," will always hold good. Unfortunate is he who cannot enjoy his play.

The modern man fully realizes the mental as well as physical value of play or recreation. This is the chief reason for the enormous crop of golf and country clubs which have sprung up all over the country in the last few years. Returning from a week-end or a week on the links, your business man seats himself at his desk with his mind swept clear of cobwebs and a real enthusiasm for tasks which may have seemed insuperable a short while before.

What John D. Rockefeller Did

At fifty years of age John D. Rockefeller found himself successful beyond dreams but with a shattered digestion. He rebuilt his stomach on the golf links. For thirty-four years has never missed a daily round when the weather permitted.

Never were there opportunities for recreation like the present. Percival Hill, president of the American Tobacco Co., favors tarpon fishing in the clear Florida waters. Charles Hayden, chairman of the Rock Island, is an enthusiastic yachtsman, Judge Gary of the U. S. Steel Corporation, likes foreign travel and Charles Sabin of the Guaranty Trust, is never so happy as when he is mixed up in a baseball game.

Miami, Pinehurst, Palm Beach, the Maine Woods, St. Moritz, the Riviera, the blue waters of the Mediterranean,

DIVIDENDS

The North American Company

**QUARTERLY DIVIDEND No. 79
ON COMMON STOCK**

A Quarterly Dividend on the Common Stock will be paid on January 2, 1924, in Common Stock at the rate of one-fortieth (1/40) of one share for each share held by Common Stockholders of record at the close of business on December 5, 1923.

Stockholders may receive cash for such dividend Common Stock at the rate of fifty cents (50c) a share of Common Stock held of record at close of business December 5, 1923, by signing and returning order form provided for that purpose so that it shall be received by the company not later than December 11, 1923.

**QUARTERLY DIVIDEND No. 10
ON PREFERRED STOCK**

A Quarterly Dividend of 1½% (75 cents per share) on the Six Per Cent. Cumulative Preferred Stock will be paid on January 2, 1924, to Preferred Stockholders of record on December 5, 1923.

The stock transfer books of the Company will not be closed.

ROBERT SEALY, Treasurer.
New York, November 23, 1923

THE COCA COLA COMPANY

At the regular meeting of the Board of Directors of The Coca Cola Company a dividend of one dollar and seventy-five cents ($1.75) per share was declared payable January 2nd, 1924, to common stockholders of record December 15, 1923, at close of business.

A dividend of three dollars and fifty cents ($3.50) per share was declared payable January 2nd, 1924, to preferred stockholders of record December 15, 1923.

S. F. BOYKIN, Secretary and Treasurer.

E. I. DU PONT DE NEMOURS & COMPANY

Wilmington, Del., November 19, 1923.

The Board of Directors has this day declared a dividend of 2% on the Common Stock of this Company, payable December 15th, 1923, to stockholders of record at close of business on December 5th, 1923; also dividend of 1½% on the Debenture Stock of this Company, payable January 25th, 1924, to stockholders of record at close of business on January 10th, 1924.

CHARLES COPELAND, Secretary.

THE DETROIT EDISON COMPANY

60 Broadway, New York, December 1, 1923.

A quarterly dividend of TWO PER CENT (2%) upon this Company's capital stock will be paid on January 15, 1924, to stockholders of record at the close of business on December 20, 1923. The stock transfer books of the Company will not be closed.

J. F. FOGARTY, Secretary.

WEST PENN RAILWAYS COMPANY

New York, N. Y., November 21, 1923.

The Board of Directors of West Penn Railways Company has declared quarterly dividend No. 26 of one and one-half (1½%) per cent., covering the quarter ending December 15, 1923, payable upon the 6% Cumulative Preferred Capital Stock of the Company on December 15, 1923, to stockholders of record at the close of business on December 1, 1923.

C. C. McBRIDE, Treasurer.

COMPUTING-TABULATING-RECORDING CO.

50 Broad St., New York, N. Y.

The Board of Directors of this company has today declared a regular quarterly dividend of $1.50 per share, payable January 10, 1924, to stockholders of record at the close of business on December 21, 1923. Transfer books will not be closed.

W. F. BATTIN, Treasurer.
November 27, 1923.

REPUBLIC IRON & STEEL COMPANY

Preferred Dividend No. 77

At a meeting of the Board of Directors of the Republic Iron & Steel Company, the regular dividend of one and three-quarters (1¾%) per cent on the Preferred Stock and an extra dividend of two (2%) per cent on the Preferred Stock, on account of deferred dividends, were declared payable January 2nd, 1924, to Stockholders of record December 15th, 1923.

**Richard Jones, Jr.,
Secretary.**

PACIFIC OIL COMPANY
DIVIDEND NO. 6

A DIVIDEND of one dollar ($1.00) per share on the Capital Stock of this Company has been declared, payable at the Treasurer's Office, No. 165 Broadway, New York, N. Y., on January 21, 1924, to stockholders of record at three o'clock P. M., Friday, December 14, 1923. The stock transfer books will not be closed for the payment of this dividend. Checks will be mailed only to stockholders who have filed dividend orders.

HUGH NEILL, Treasurer.
New York, N. Y., November 15, 1923.

ANACONDA COPPER MINING CO.

25 Broadway.
New York, November 27, 1923.
DIVIDEND NUMBER 85.

The Board of Directors of the Anaconda Copper Mining Company has declared a dividend of seventy-five cents (75c) per share upon its Capital Stock of the par value of $50 per share, payable on January 21, 1924, to holders of such shares of record at the close of business at 12 o'clock Noon, on December 15, 1923.

A. H. MELIN, Secretary.

THE WEST PENN COMPANY

New York, N. Y., November 21, 1923.

The Board of Directors of The West Penn Company has declared quarterly dividend No. 4 of fifty cents (50c) per share, payable upon the common capital stock of the Company on December 31, 1923, to stockholders of record at the close of business on December 15, 1923.

C. C. McBRIDE, Treasurer.

AMERICAN TELEPHONE AND TELEGRAPH COMPANY

137th Dividend.

The regular quarterly dividend of Two Dollars and Twenty-Five Cents per share will be paid on Tuesday, January 15, 1924, to stockholders of record at the close of business on Thursday, December 20, 1923.

H. BLAIR-SMITH, Treasurer.

UNITED STATES REALTY AND IMPROVEMENT COMPANY

111 Broadway, New York.

On November 8th, 1923, the Directors of this Company declared a dividend of two per cent (2%) on the common stock payable December 15th, 1923, to holders of record at the close of business on December 5th, 1923.

ALBERT E. HADLOCK, Treasurer.
New York, November 28th, 1923.

southern California, distant Hawaii and even the coral atolls of Polynesia, see constantly increasing throngs of Americans seeking recreation and health in recreation.

Intangible Dividends

Several thousand dollars may seem a steep price to pay for a four months' cruise or a trip around the world. But if it results in a broader view of life, sharpened perceptions, physical fitness and a renewed will to achieve, these intangible dividends have a value that cannot be expressed in terms of dollars. If such results could be produced synthetically and placed upon the market the writer would be interested in obtaining a small block of the underwriting stock.

The day of the home-to-office and office-to-home man have passed. The present complicated economic era calls for the highest degree of concentration and accuracy of thought. One cannot conquer if one's nerves are flabby and one's brain overlaid with fat. One must be fit to fight.

A FUNDAMENTAL QUESTION WHICH BANKS HAVE LARGELY NEGLECTED

(*Continued from page* 250)

the city institutions in the neighborhood of reserve banks.

Controversy in Congress

A controversy in Congress on this subject is promised for the coming session, and will undoubtedly be somewhat sharpened by the findings of the Commission which has been at work on the Reserve System and is now turning its attention to the open market issue. The complaints already referred to on the part of city institutions in Mid-Western centers will undoubtedly be sifted, but the eventual decision on the part of Congress, if any is reached, will depend largely upon the attitude of the country banks and their conclusion whether they want to take a hand in the matter or are content to see the whole thing determined as the city institutions desire. It is already suggested that the country banks "trade off" with city banks, the former contenting themselves with a curtailment of the par clearance idea while, on the other hand, the city banks be allowed to do as they please (and can), in getting the open market function limited. Possible results of such a "deal" are not yet certain. Meanwhile, the more thoughtful country bankers are recognizing that there is probably a good deal more risk to their own interests in allowing the reserve banks' open market functions to be crippled in the proposed way than they at first suppose. A final adjudication of the issue seems hardly likely to be reached at the new session, although the discussion itself may make considerable headway.

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KEEP POSTED

The books, booklets, circulars and special letters listed below have been prepared with the utmost care by investment houses of the highest standing. They will be sent free on request, direct from the issuing house. Ask for them by number.

We urge our readers to take full advantage of this service. Address, Keep Posted Department, Magazine of Wall Street, 42 Broadway, New York City.

THE PARTIAL PAYMENT
method of purchasing good securities in odd lots and full lots on convenient terms is explained in a free booklet issued by an old established New York Stock Exchange House. (224)

ODD LOTS
A well known New York Stock Exchange firm has ready for free distribution a booklet which explains the many advantages that trading in odd lots offers to both small and large investors. (225)

INVESTMENT GUIDE
Issued by the oldest first mortgage house in Chicago. It explains how to invest savings at the highest interest rate consistent with safety. (256)

THE OKMULGEE BUILDING & LOAN ASSN.
A booklet describing a real estate security which embraces safety, a dependable income—a tax free investment—State supervision—and yielding 9%. (257)

WHY THE SOUTH OFFERS INVESTMENT OPPORTUNITIES
This pamphlet explains briefly and clearly why it is that the South of today is one of the most attractive sections of the United States in which to invest and why it is that Southern investments yield an average of 1% more interest, with equal safety. A distinct opportunity for investors is described in an understandable manner. (264)

DECEMBER INVESTMENT LIST
Issued by an old established bond house listing Municipal, Railroad, Equipment, Public Utility, Industrial and Foreign Government Bonds. They offer conservative investors a wide range of choice of sound securities with liberal income return. (270)

GUIDE BOOK TO HIGH-GRADE CANADIAN INVESTMENTS
The best review of Canadian securities published. It gives authoritative detailed information on 53 standard Canadian securities, yielding from 5 to 7½%. (271)

BOND RECORD
A 24-page book showing price ranges (high and low, 1906 to date), tax status, maturity, interest dates, call place (if any), income values, yields of the active bonds listed on the New York Stock Exchange. (273)

A QUESTION ANSWERED
An extremely interesting illustrated booklet explaining how a stock exchange firm handles out of town business. It shows how orders are treated from the time the letter arrives to the final placing of the certificates purchased. (278)

USE OF OPTIONS
The exceptional profit possibilities in Stock Options and their uses to supplement margin and for protection against losses in the Stock Market fully explained in a free circular. (284)

PROFIT SHARING BONDS
A description of a security which not only embodies the safety of bonds, but the profit participation of high-grade common stocks, is outlined in a short, plainly written circular, which will be sent free on request. (285)

DIVIDEND PAYERS AND HIGH-GRADE BONDS
Some bonds and a large number of preferred and common stocks with Moody's Ratings, and in a good position marketwise, are recommended in a circular issued by an old established stock exchange house. (287)

COMMON STOCK ATTRACTING SPEC-VESTMENT ATTENTION
A well-known Stock Exchange house issue a current market letter pointing out stock which, because of security of principal, high rate of return, and possibly of increased value, are extremely attractive to the investor or trader. (288)

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A special circular has been issued by a prominent Curb house, pointing out the unusual opportunities that exist in this stock, at the present time. (296)

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